2001 Utah Visitor Profile

Spin a Web of Success
in the Travel and Tourism Industry

Presented by
Mark Brown

DKS&A
DIRECTIONS®
D.K. Shifflet
& Associates Ltd.
Excellence in Travel Intelligence®

October 30, 2002

Agenda

- D.K. Shifflet & Associates
- National Travel Highlights
- Utah Traveler Profile
  – Volume and market share
  – Satisfaction & Value ratings
  – Travel party characteristics
  – Demographics
  – Origin markets

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What Happens When...

You Don’t do Your Research!

Slug vacation disasters

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D.K. Shifflet & Associates Ltd.

Excellence in Travel Intelligence®

Founded in 1982, DKS&A specializes in syndicated and custom market research in the travel and tourism industry

Syndicated

- **Monitor U.S. travel behavior: *PERFORMANCE/INDEX* - largest, ongoing travel tracking study in industry**

Custom

- **Segmentation and positioning studies to assist clients in strategic marketing efforts**
- **Clients include destinations, theme parks, credit cards, auto clubs, and hotels chains**

PERFORMANCE/Index℠ Methodology

Travel Definition

Any overnight trip or any day-trip greater than 50 miles one way

Collection of Data

- Mail panel that is stratified to match Census data
- **45,000** questionnaires are mailed each month
- Returned sample is re-balanced demographically

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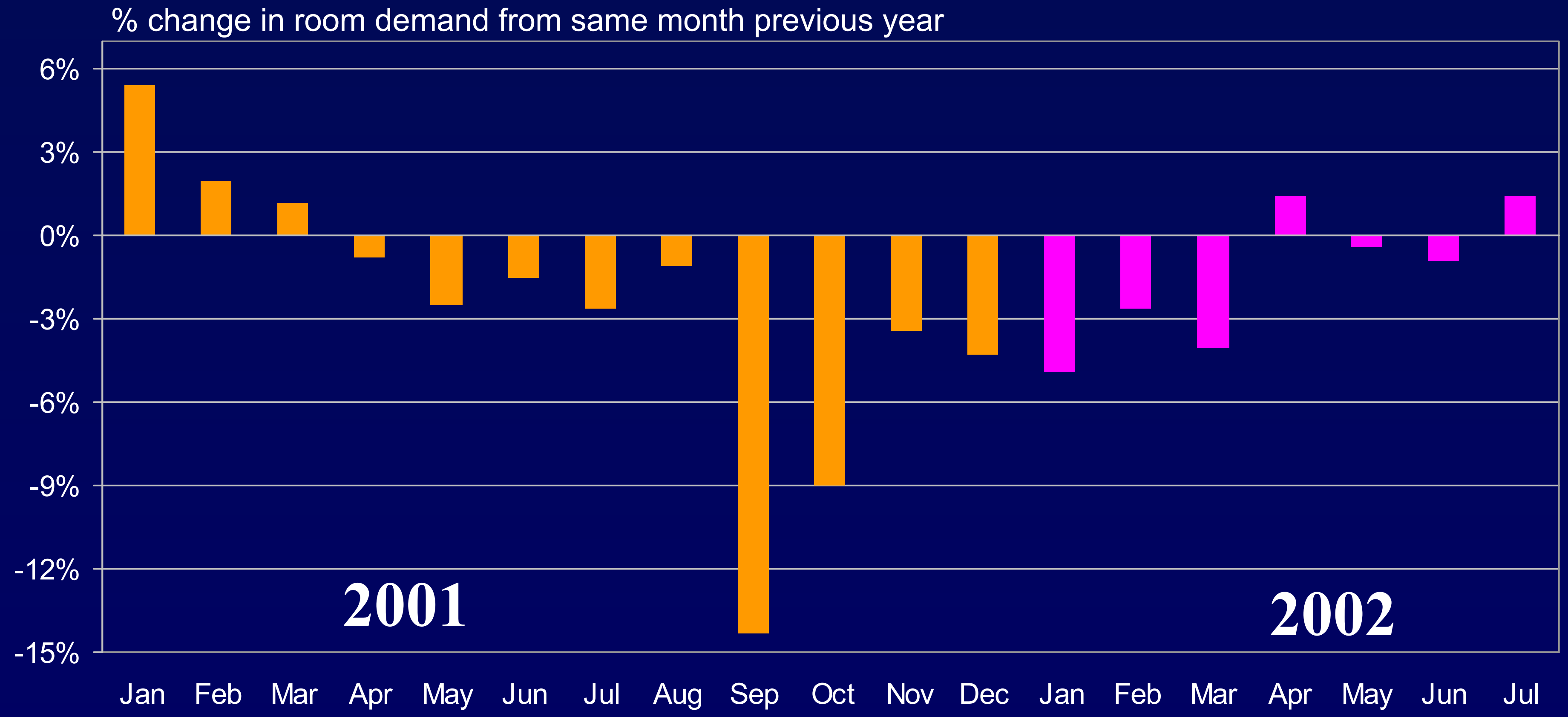
Client List

- ***States***: Alabama, Arizona, Arkansas, California, Florida, Illinois, Indiana, Kansas, Kentucky, Louisiana, New York, Michigan, Minnesota, Mississippi, Missouri, Pennsylvania, Texas, Utah, Vermont, West Virginia and Wisconsin
- ***CVBs***: Asheville, Atlantic City, Baltimore, Boston, Branson, Buffalo, Chicago, Cleveland, Dallas, Detroit, Ft. Lauderdale, Hilton Head, Las Vegas, Los Angeles, Louisville, Kansas City, Kissimmee/St. Cloud, Laurel Highlands, Myrtle Beach, Nashville, New York City, Niagara Falls, Orlando, PA Dutch/Lancaster, Pigeon Forge, Poconos, Providence, Salt Lake County, San Antonio, San Francisco, Savannah, Traverse City and Tulsa
- ***International***: British Columbia, Canadian Tourism Commission, Israel, and Ontario.
- ***Attractions/Theme Parks:*** Numerous attractions including most major theme park companies.
- ***Hotel/Motels:*** Cendant (8 Brands), Marriott (7 Brands), Accor (3 Brands) and Six Continents (3 Brands). Other hotel clients include Extended Stay America, Microtel Inns, Hilton, Hyatt, Radisson, Best Western, La Quinta and Studio Plus.
- ***Other Clients:*** AAA, Arthur Andersen, AVIS, Bear Stearns, Discovery Communications, Enterprise Rent-A-Car, Ernst & Young, Fairfield Communities, General Electric, IACVB, Marriott Vacation Club, Price Waterhouse Coopers, and VISA USA.

Pre & Post 9/11 Travel Intelligence

Hotel Room Demand Trend

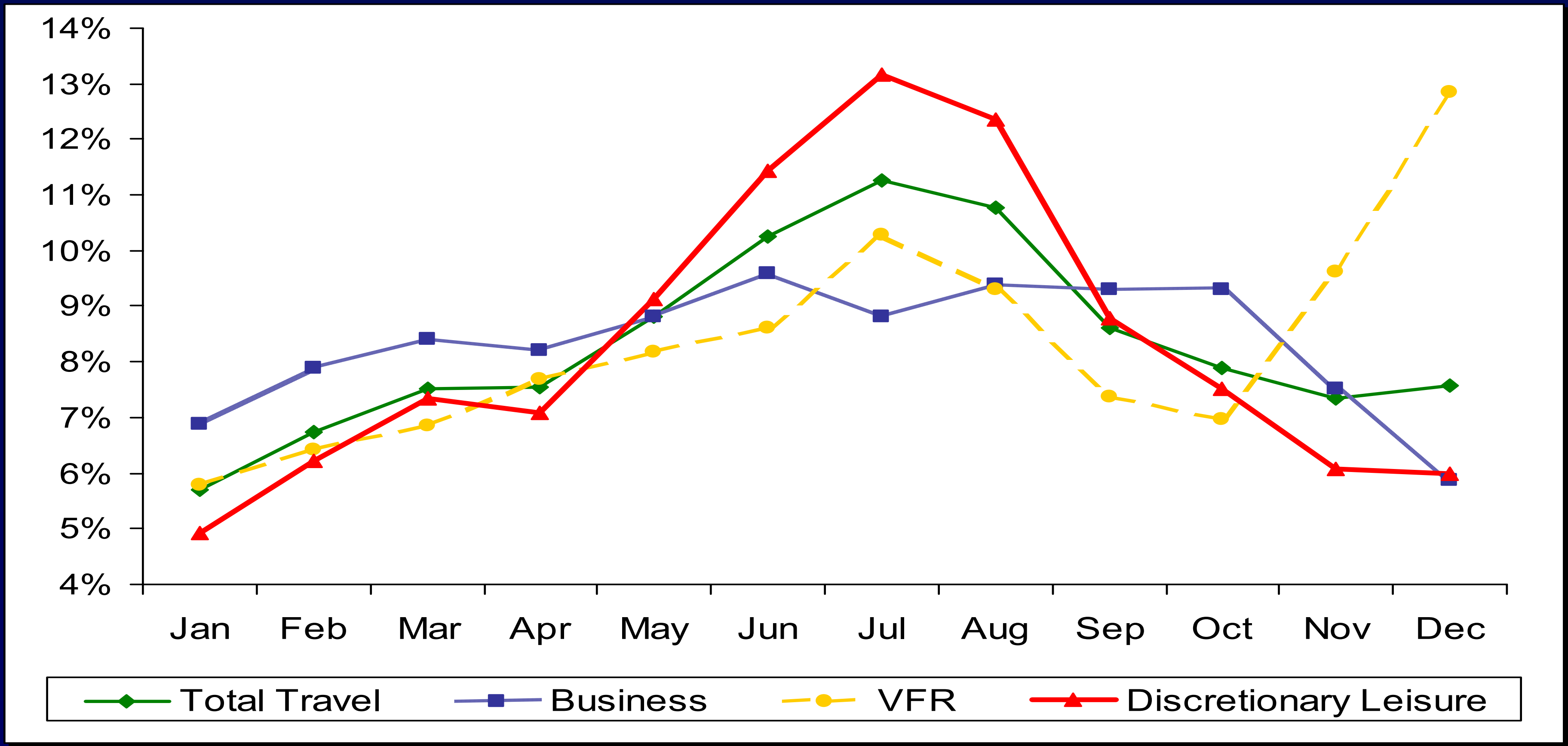
The hotel industry was experiencing declines well in advance of September 11. Room demand changes are shown below. 2000 year end (+3.7%); 2001 year end (-3.4%); 2002 YTD through July (-1.5%).



Source: Smith Travel Research

Industry Overview
Monthly Share of Travel by Segment

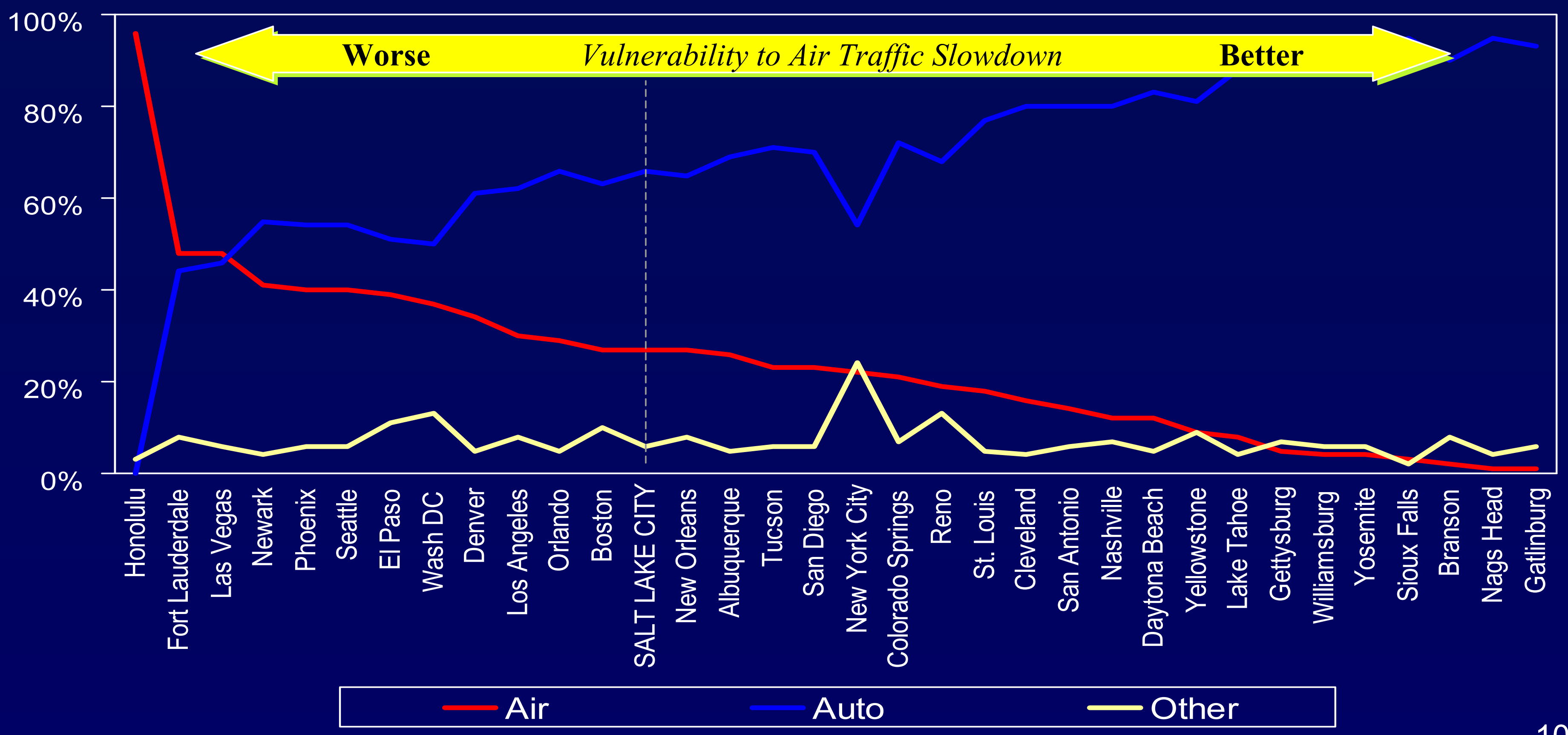
The immediate strong impacts of 9-11 were “lessened” somewhat because of the relatively smaller share of the late fall travel season.



Vulnerability to Air Travel Slowdown

(How visitors arrive to city)

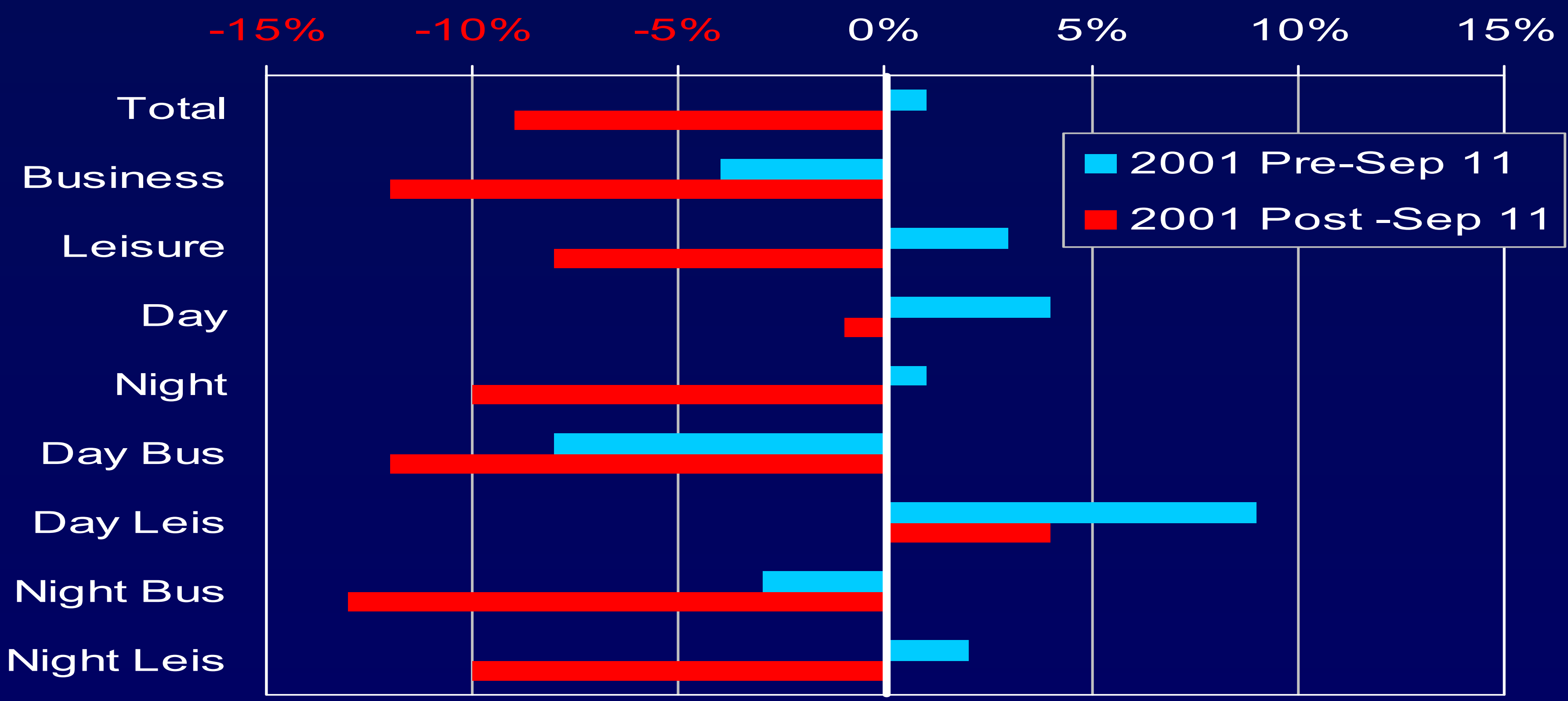
Reliance on air travel differs greatly among the top 200 U.S. destination cities. Salt Lake City has the 25th highest reliance on air travel at 27%.



National Travel Declines Post 9-11

(Person Days)

All business segments were down prior to 9-11. After 9-11, day leisure trips was the only positive travel segment.



Expected Travel For Next 6 Months vs. Last Year

Base = Overnight, Paid Accommodation Travelers

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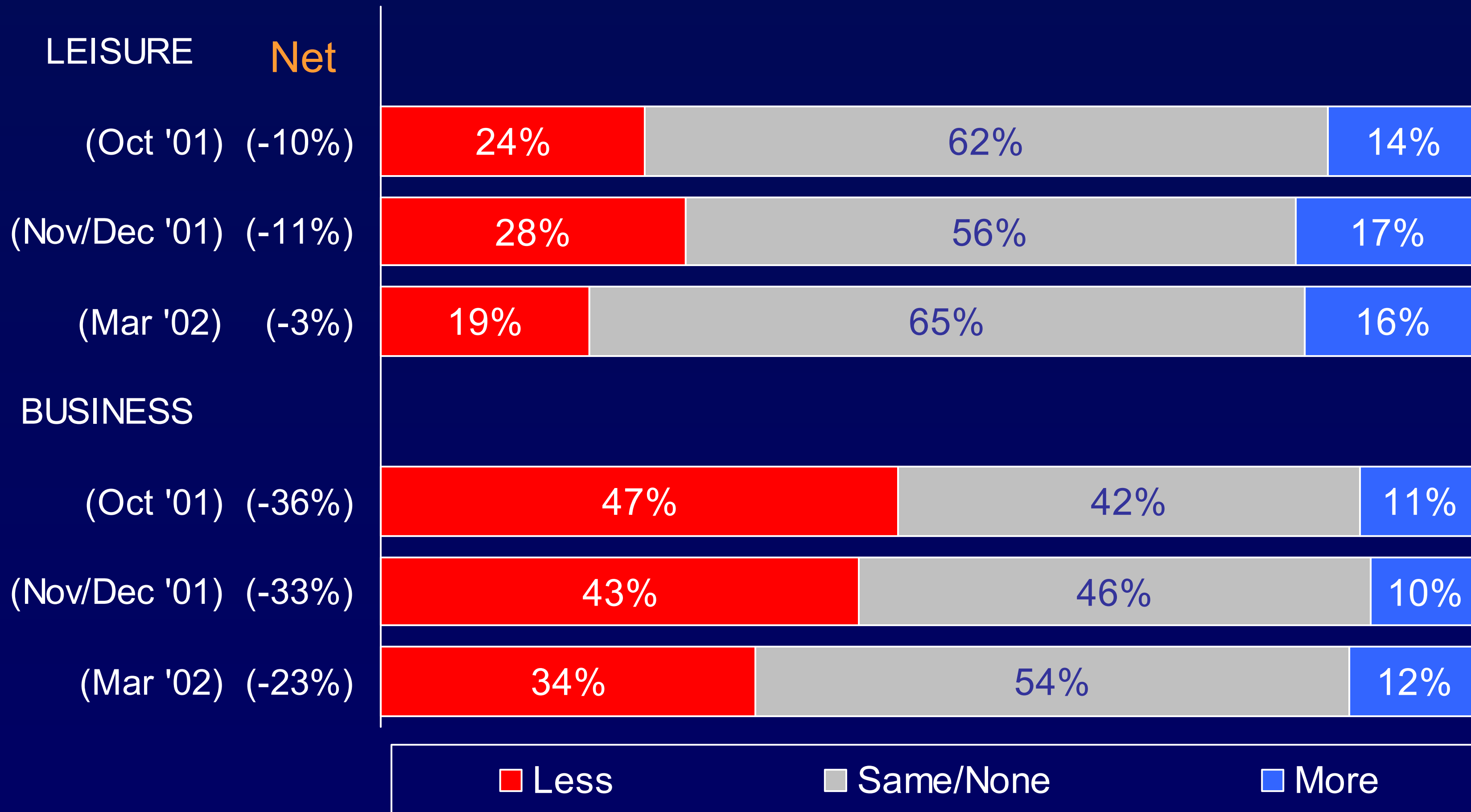
Over next 6 months (compared to same time last year). Outlook improved for both Leisure and Business, but business outlook still bleak.



Region of Residence

Changes in Leisure Trips by Origin Region

(Next six months compared to same time last year)
Base = Overnight, Paid Accommodation Travelers

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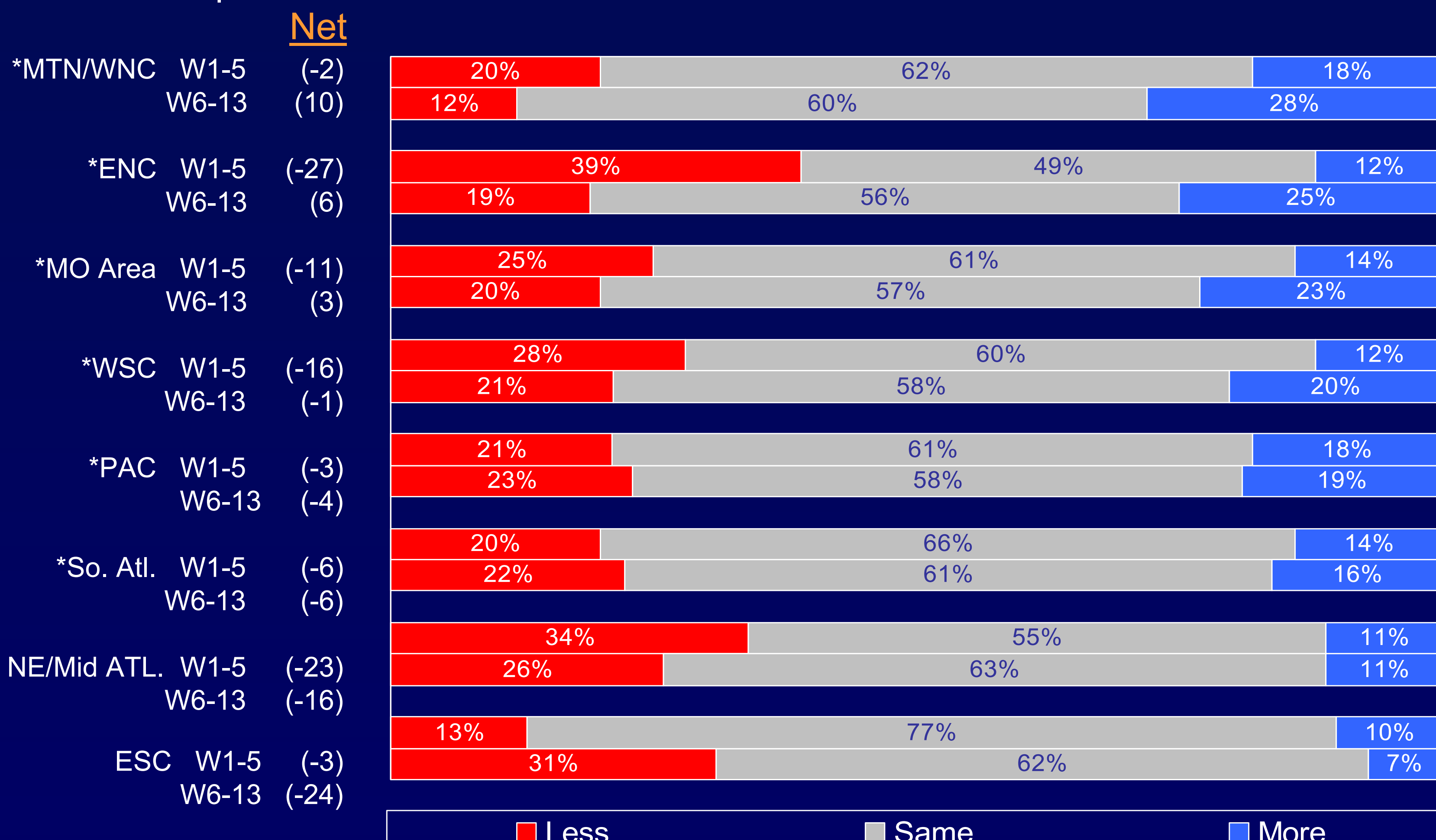
Regional differences exist in origin regions. Leisure outlook is much better than business. Net difference improved from -10% in early waves but became stable at -3% in last waves. Some regions showed a positive net difference!



Post 9-11 Travel Changes

- The Negative Quadruple Play:
  - Fewer travelers
  - Spending less money per day
  - Staying fewer days
  - With larger travel parties in a single hotel room

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The Travel Recovery Has Slowed

- From October 2001 through March 2002, the travel industry had been recovering and the travel outlook had become more optimistic. Several indicators reflect a challenge to a continuation of the travel industry recovery to pre-2001 travel volume and spending levels:
  - The net change in expected business and leisure trips is less negative…but negative;
  - A third of all travelers are very concerned about their own financial situation;
  - No "pent-up demand" when the economy improves;
  - No changes in the timing when travel will "get back to normal."

Other Reported Forecasts and Trends

- Many conflicting travel forecasts and opinions since 9-11. Lodging forecast--especially--vary widely and are being revised downward. Sampling methodologies vary.
- Most forecasts focus on domestic travel. International declines are pulling down recovery statistics relative to forecasts--especially lodging and national parks.
- Air travel's *convenience/comfort>>>hassle/anxiety* frequently reported. But forecasts based on research consistently reflect influence of the economy, not safety or hassle issues. Self-serve airport kiosks on the rise…airline marketing campaigns for *airport-as-oasis*.
- RV sales and rentals WAY up. Interest in patriotic / historic sites up.

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Latest Information

- Travel volume up in the first quarter 2002 about 4%…leisure (7%), business (-4%).
- Consumer confidence back down to late Fall 2001 levels.
- U.S. hotel demand down 1.5% through mid-summer.
- Economic forecasts call for slow growth for the next 4-6 quarters.
- Travelers seem to be doing what they said they would do…fewer business trips, more close-in, leisure day trips.

Marketing Model:

Our Research Approach to Helping Utah

Market Assessment

How Many Visitors Does Utah Attract?

What Is Utah's Share of Travel?

Targeting

Who Is Utah's Visitor?

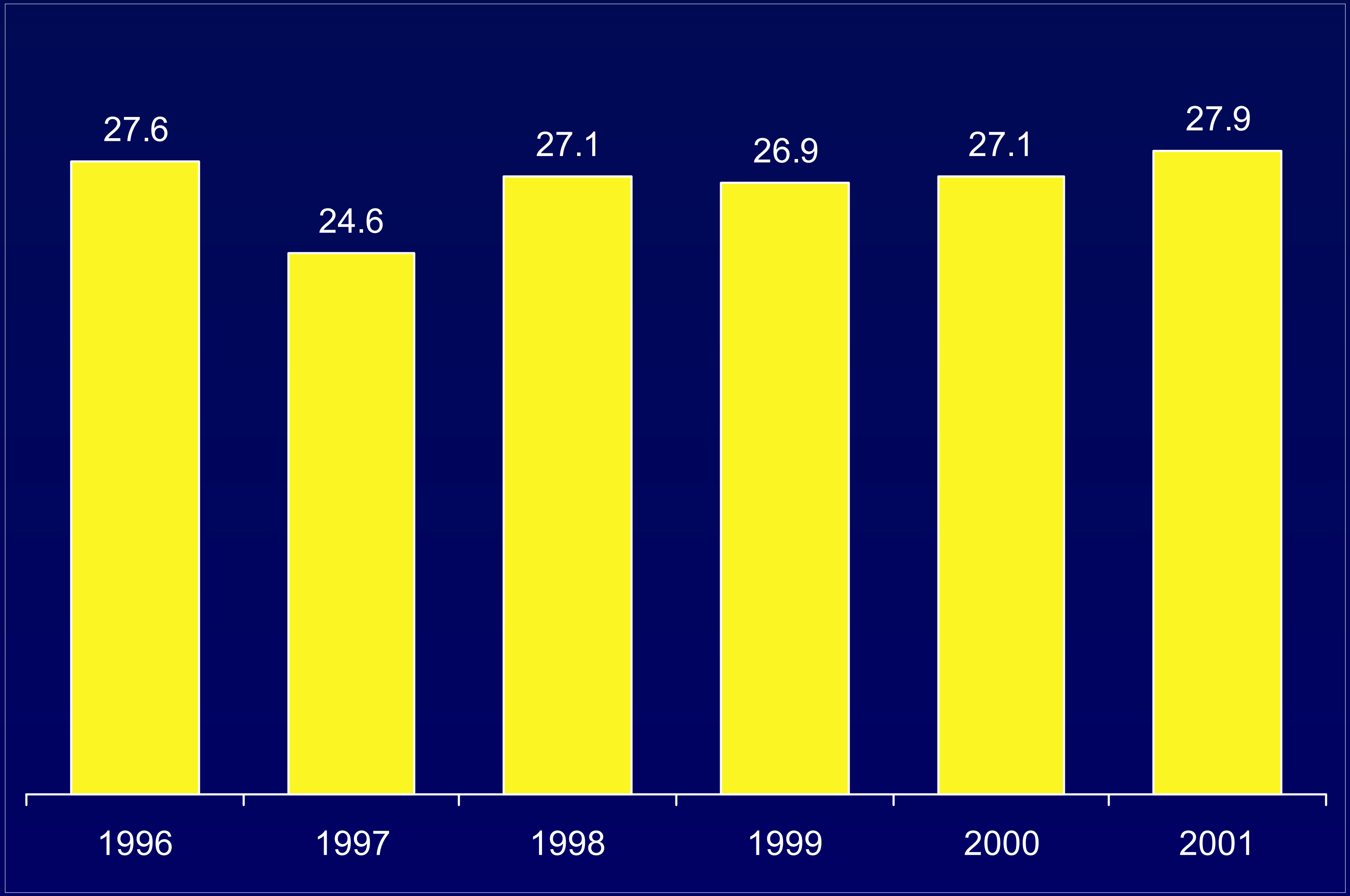
Positioning

How Should Utah Position Its Product?

Communicating

Where Should Utah Advertise and Promote?

Utah Total Person-Trip Travel Volume
(millions)



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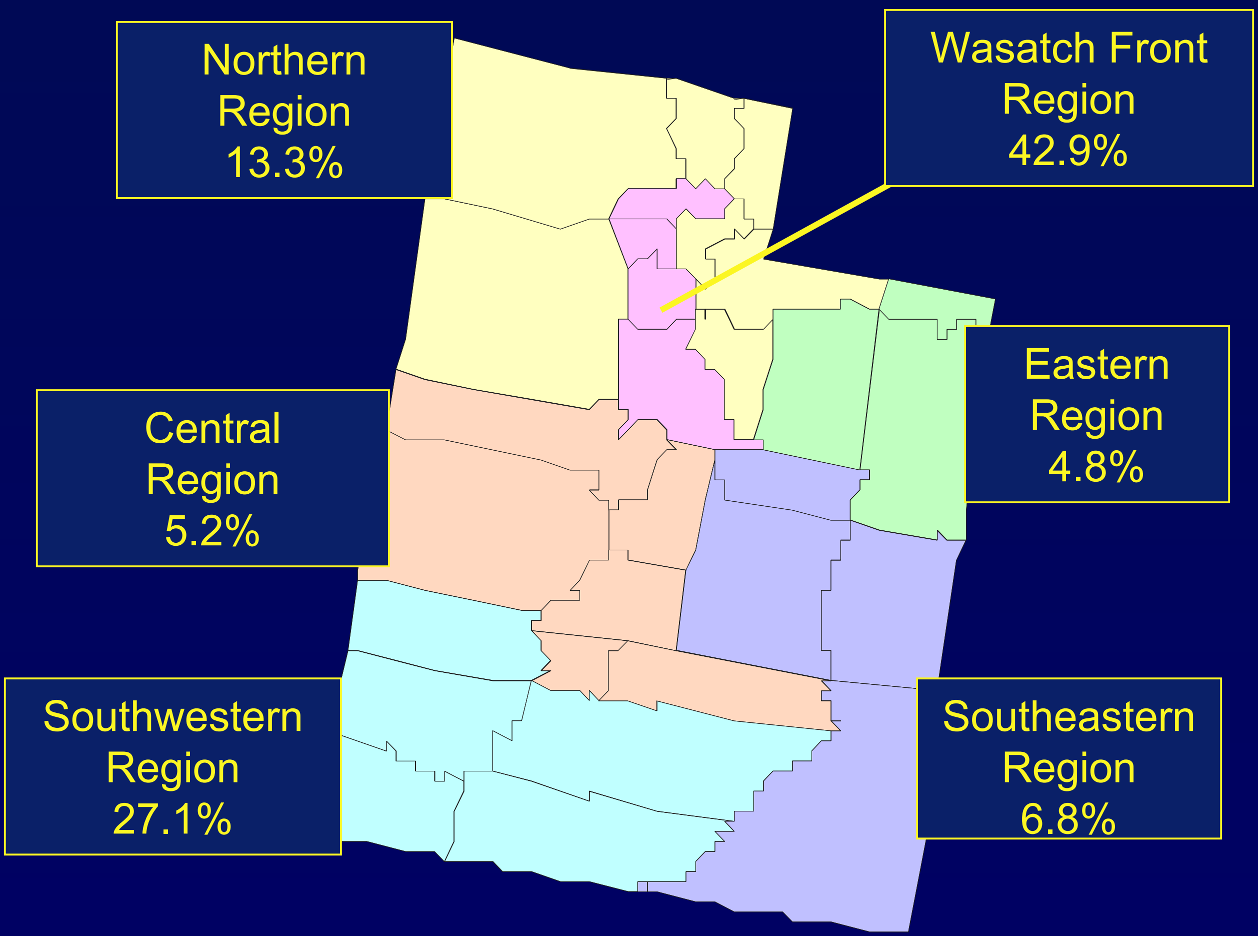
Utah vs. US
2000 to 2001 Volume % Change
(Person-Trips)

Travel Segment	US	Utah
Total	+0.1%	+2.7%
Business	-7.2%	-16.7%
Leisure	+3.0%	+9.3%
Day	+2.3%	+24.3%
Overnight	-2.2%	-13.3%
Overnight Business	-4.9%	-1.9%
Overnight Leisure	-1.2%	-16.5%

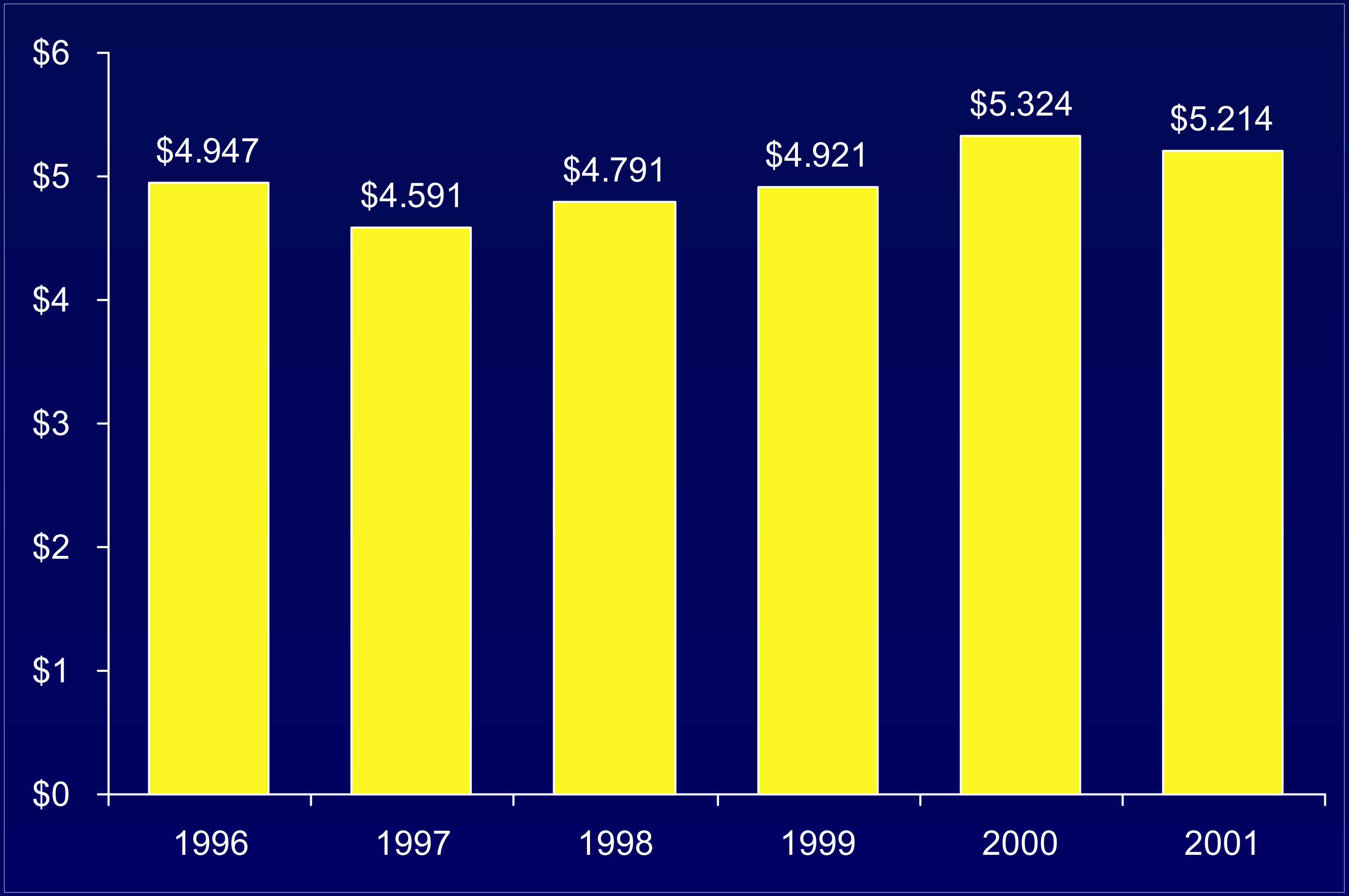
2001 Utah Overnight Leisure Regional Travel Distribution

(Person-Trips)

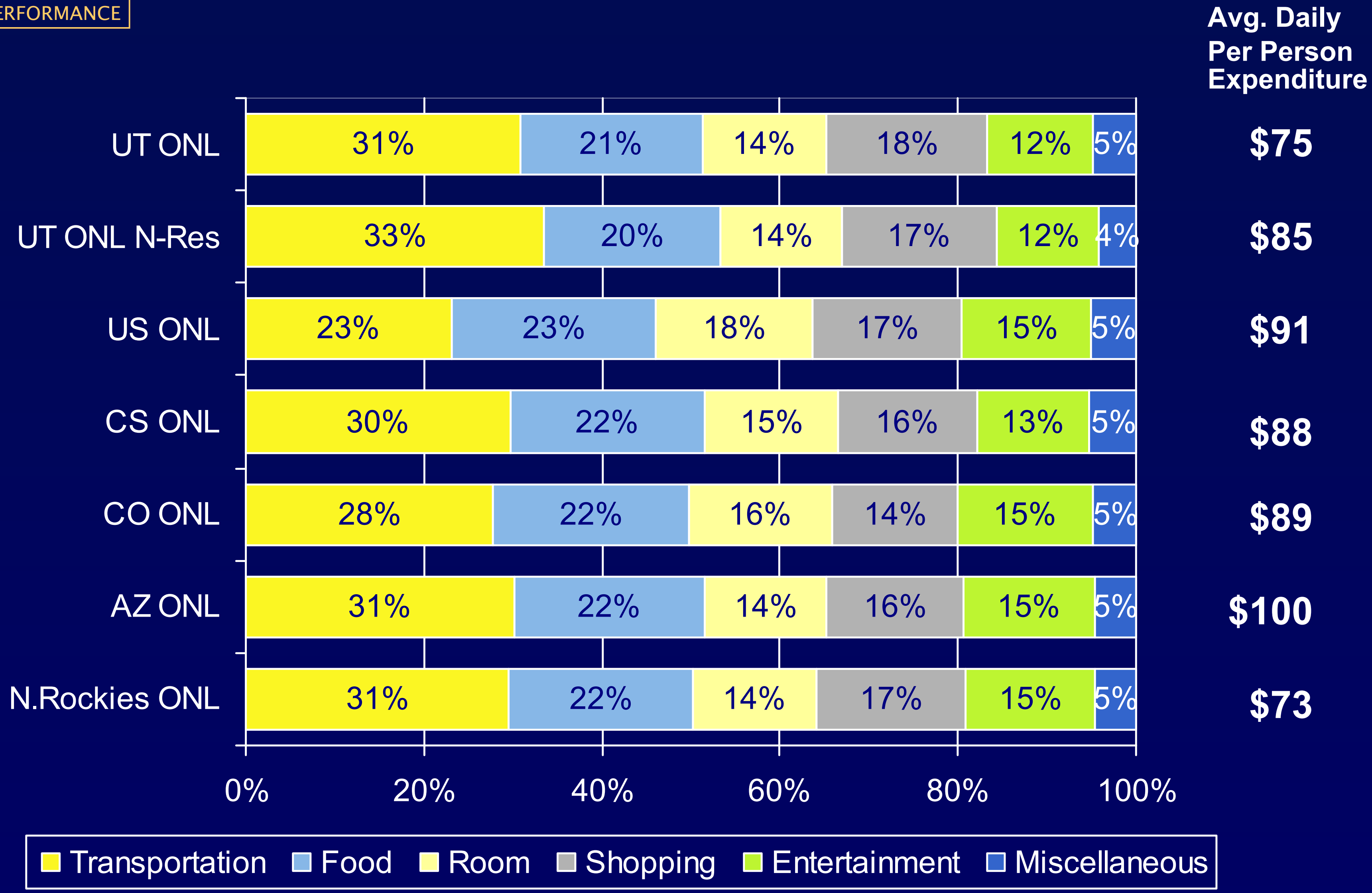


Utah Total Direct Spending

($billions)



2001 Overnight Leisure Spending Distribution



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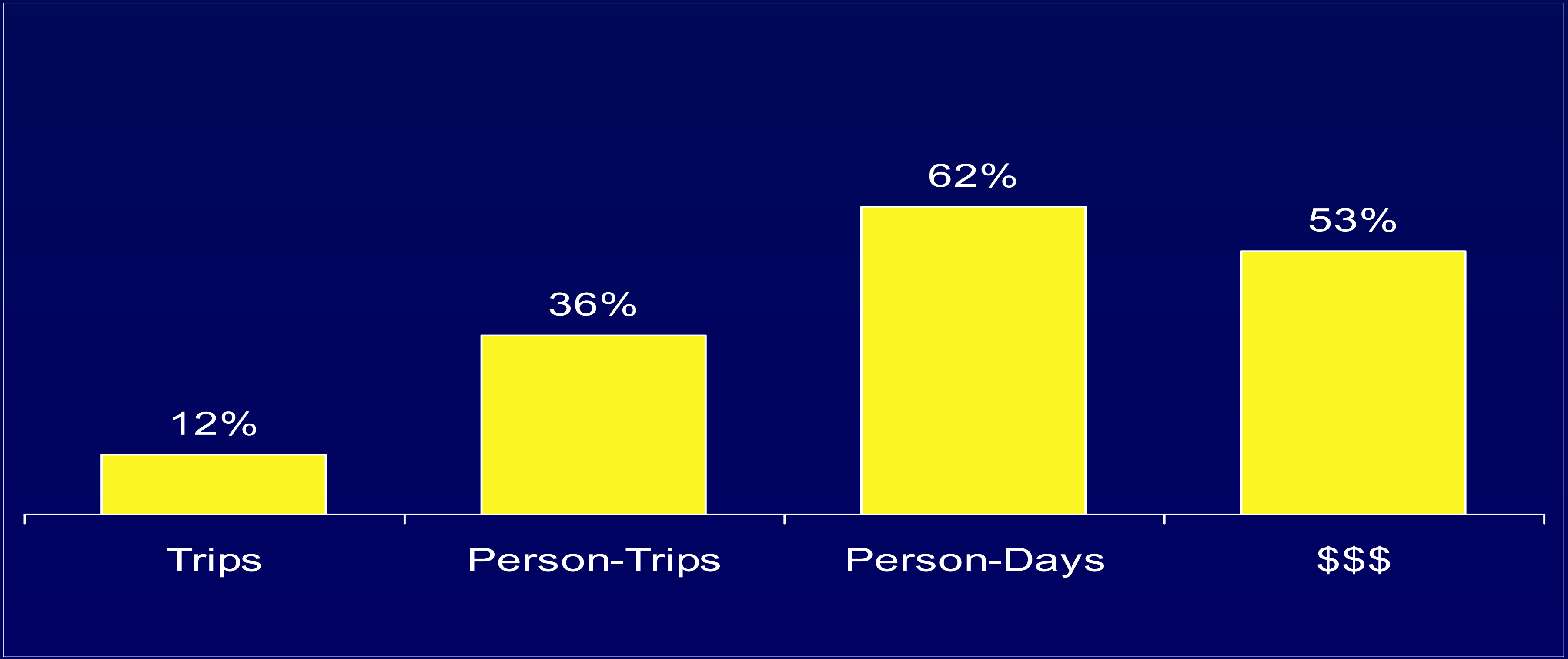
Utah vs. US
2000 to 2001 Direct Spending
% Change

Travel Segment	*US*	*Utah*
Total	-5.4%	-2.1%
Business	-6.0%	-9.6%
Leisure	-5.1%	+2.0%
Day	+0.8%	+46.5%
Overnight	-6.5%	-8.2%
Overnight Business	-5.9%	-5.3%
Overnight Leisure	-6.9%	-9.9%

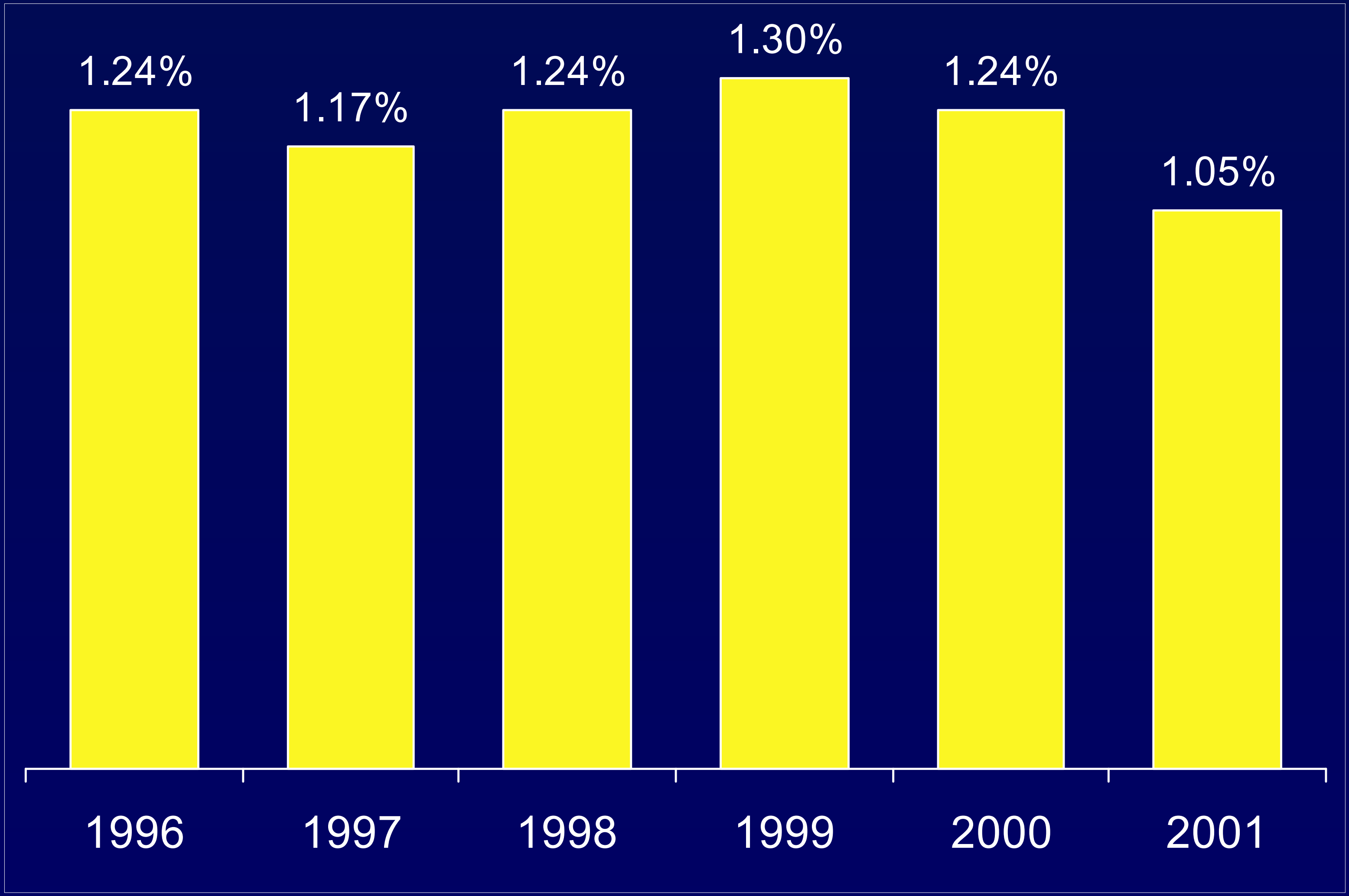
Overnight Leisure Travel
Share of Utah Travel Volume

Utah's overnight leisure travel segment represents only 12% of all trips taken to or within the state, but a higher share of other travel bases due to larger party sizes and longer stay lengths. Share of travel spending is slightly lower because of the higher spending of business travelers.

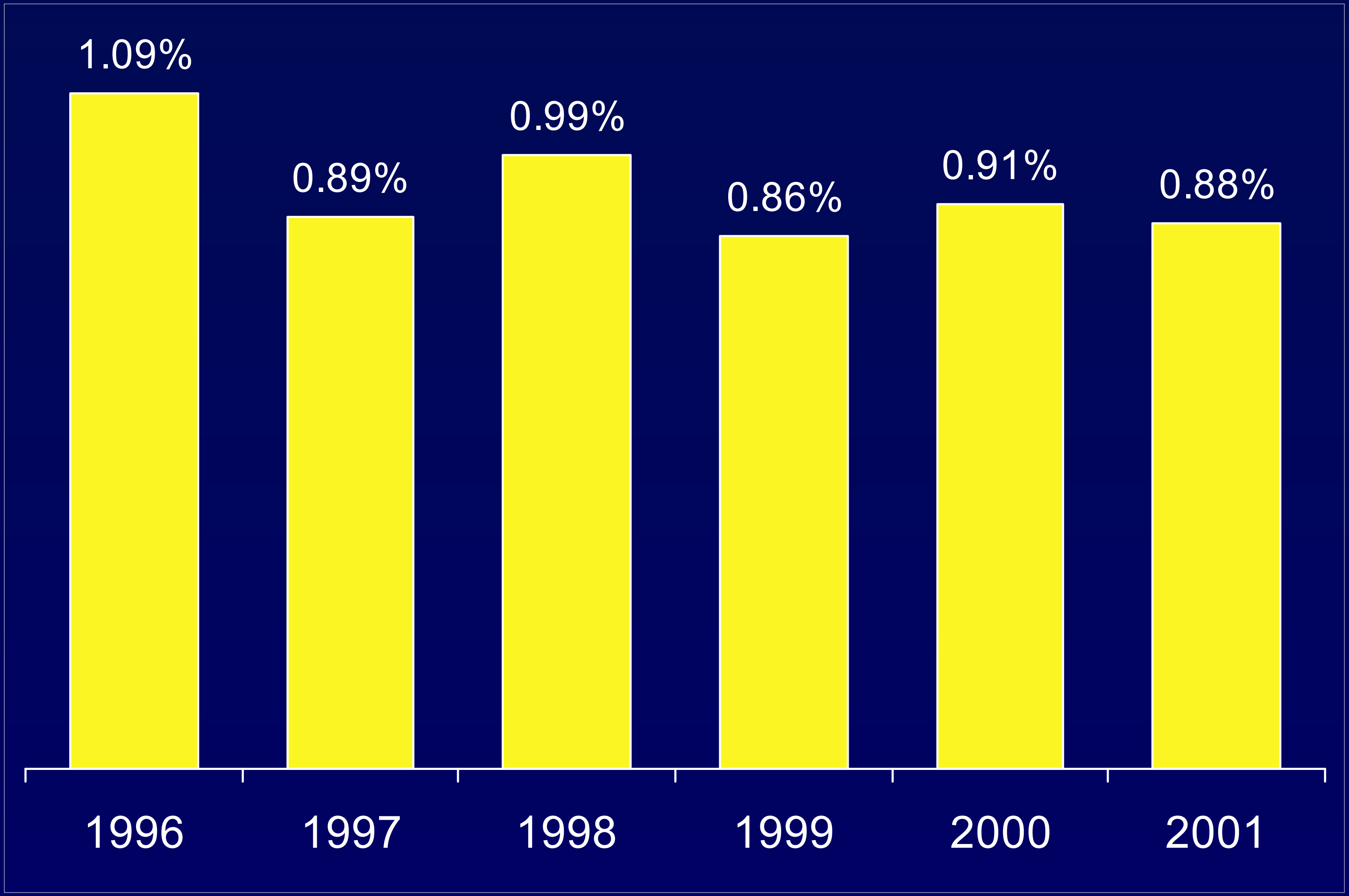


Utah Overnight Leisure Share of US Travel

(Person-Trips)



Utah Overnight Leisure Share of US Traveler Direct Spending



Utah Share of U.S. Overnight Leisure Volume and Direct Spending

Satisfaction and Value Ratings Excellent Ratings Overnight Leisure Travel

(% 8-10 on 10 point scale)
2001 vs. 2000

Respondents were asked on a scale of 1 to 10, where 1 is poor and 10 is excellent, how ***Satisfied*** they were with their stay and how much ***Value*** for the money they received on their stay.

	US ONL	Utah ONL	Utah Non-Res ONL	Total Utah Res	Total Utah Non-Res	CO ONL	AZ ONL	Northern Rockies ONL
% High Satisfaction	**64** **60**	71 70	69 65	68 65	69 56	67 67	65 63	54 55
% High Value	**56** **53**	67 65	64 58	58 66	54 53	56 50	60 55	56 53

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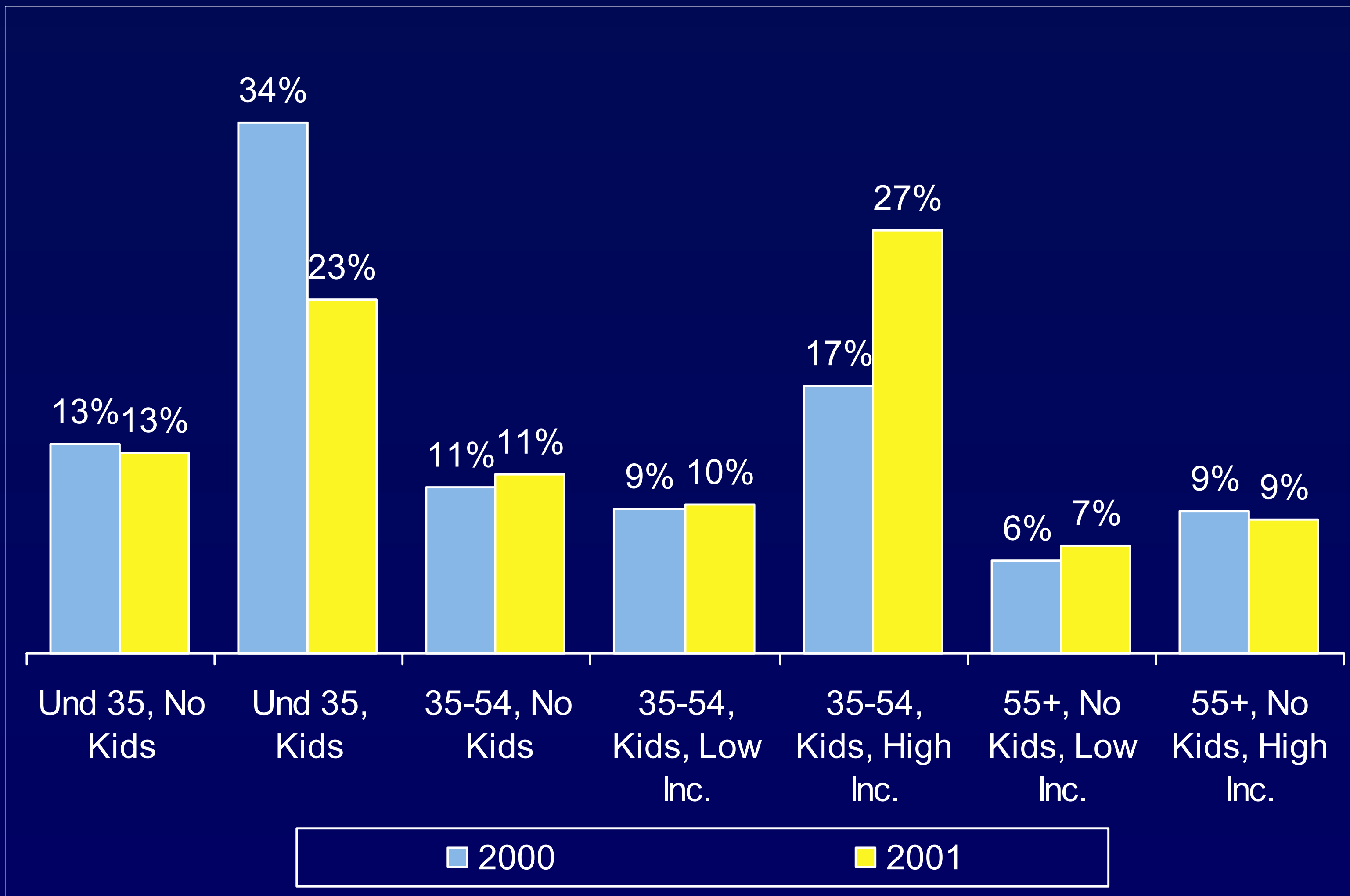
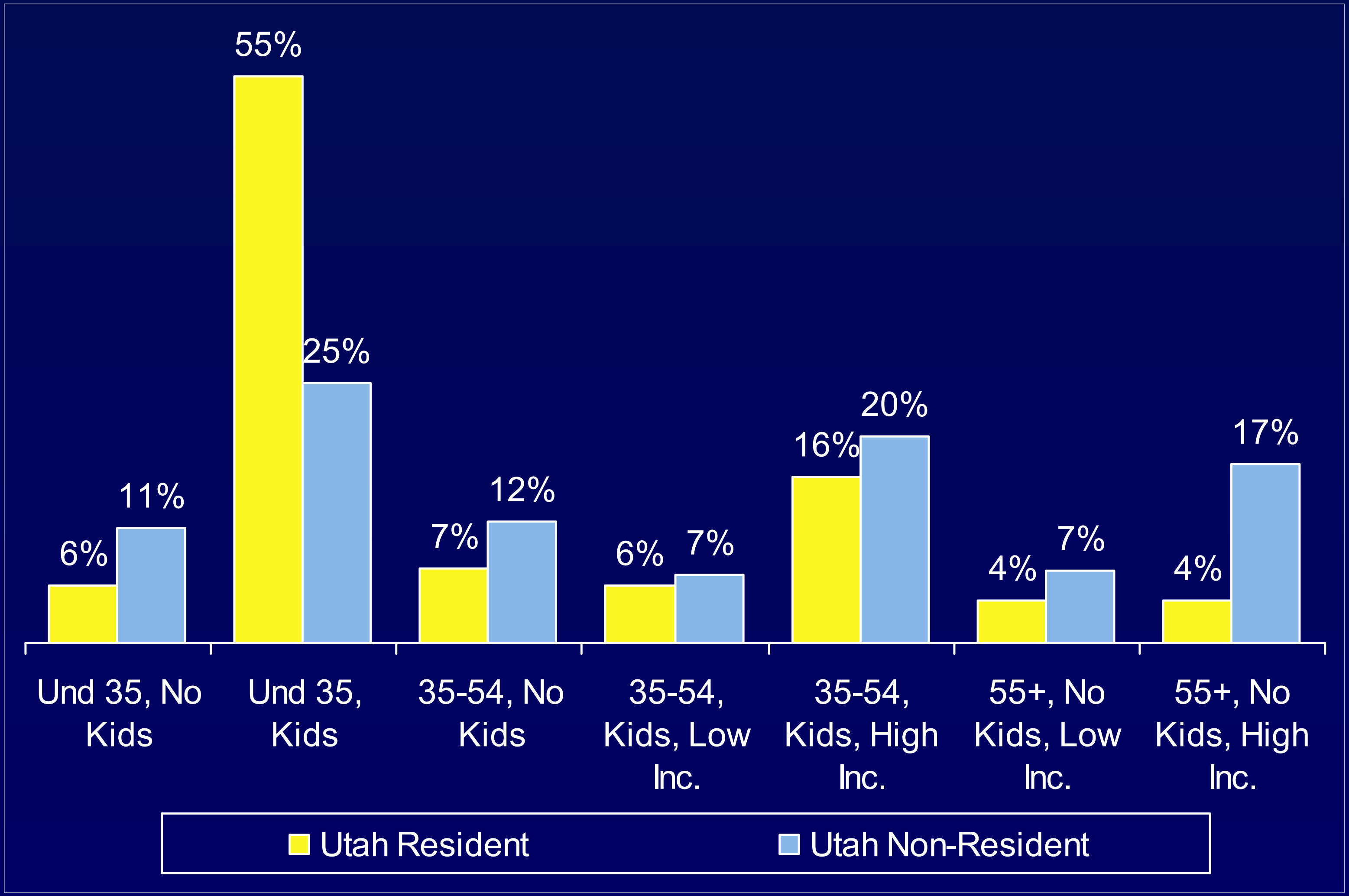
2001 Utah Overnight Leisure Lifestage Distribution

(Person-Trips)



2001 Total Utah Lifestage Distribution

(Person-Trips)



Targeting Overview

Overnight Leisure

- Repeat Visitation: Ranges from a low of 64% for General Vacation to a high of 92% for VFR
- Party Size: Average of 3.4, up from 2000 and higher than the U.S. and competitor states.
- Party Composition: 43% Family, 31% Couples. Family share is higher than the U.S. and competitor states.
- Age: Average of 42 is the same as US and competitor states.
- HH Income: Median of $54,300. Utah Non-resident higher. Lower than CO and AZ and higher than N. Rockies.

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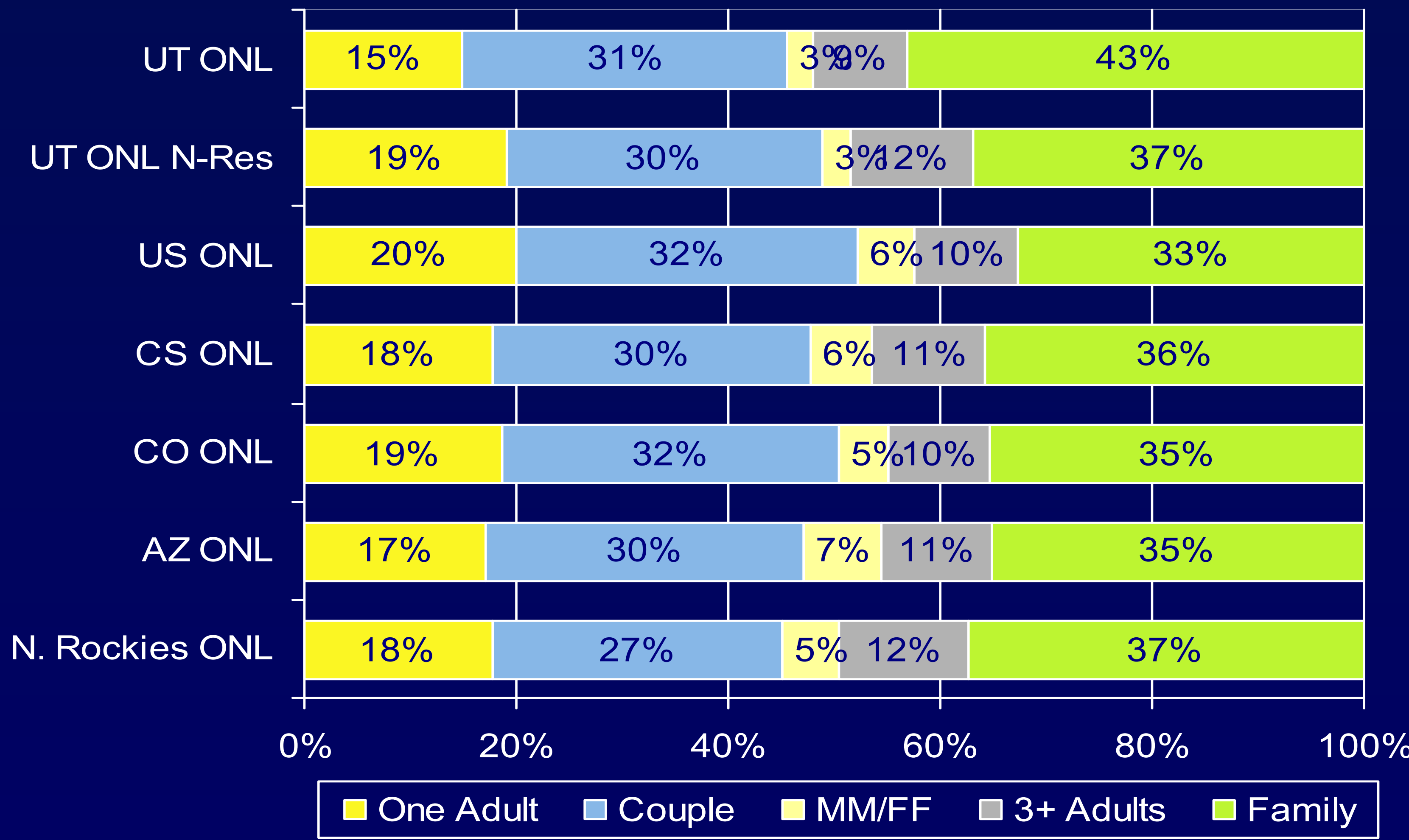
2001 Utah Overnight Leisure & Comp Set Travel Party Composition

(Stays Based)



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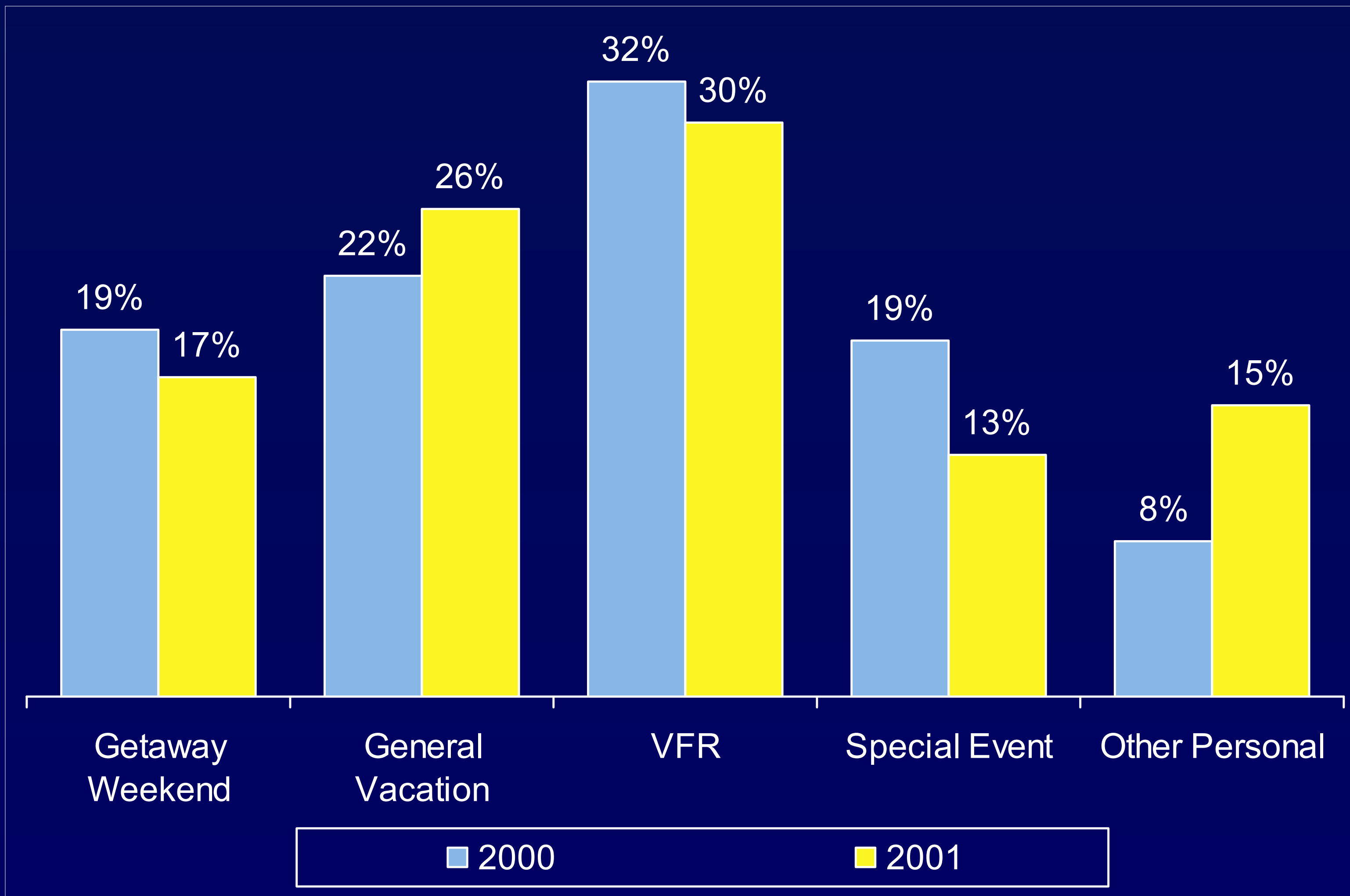
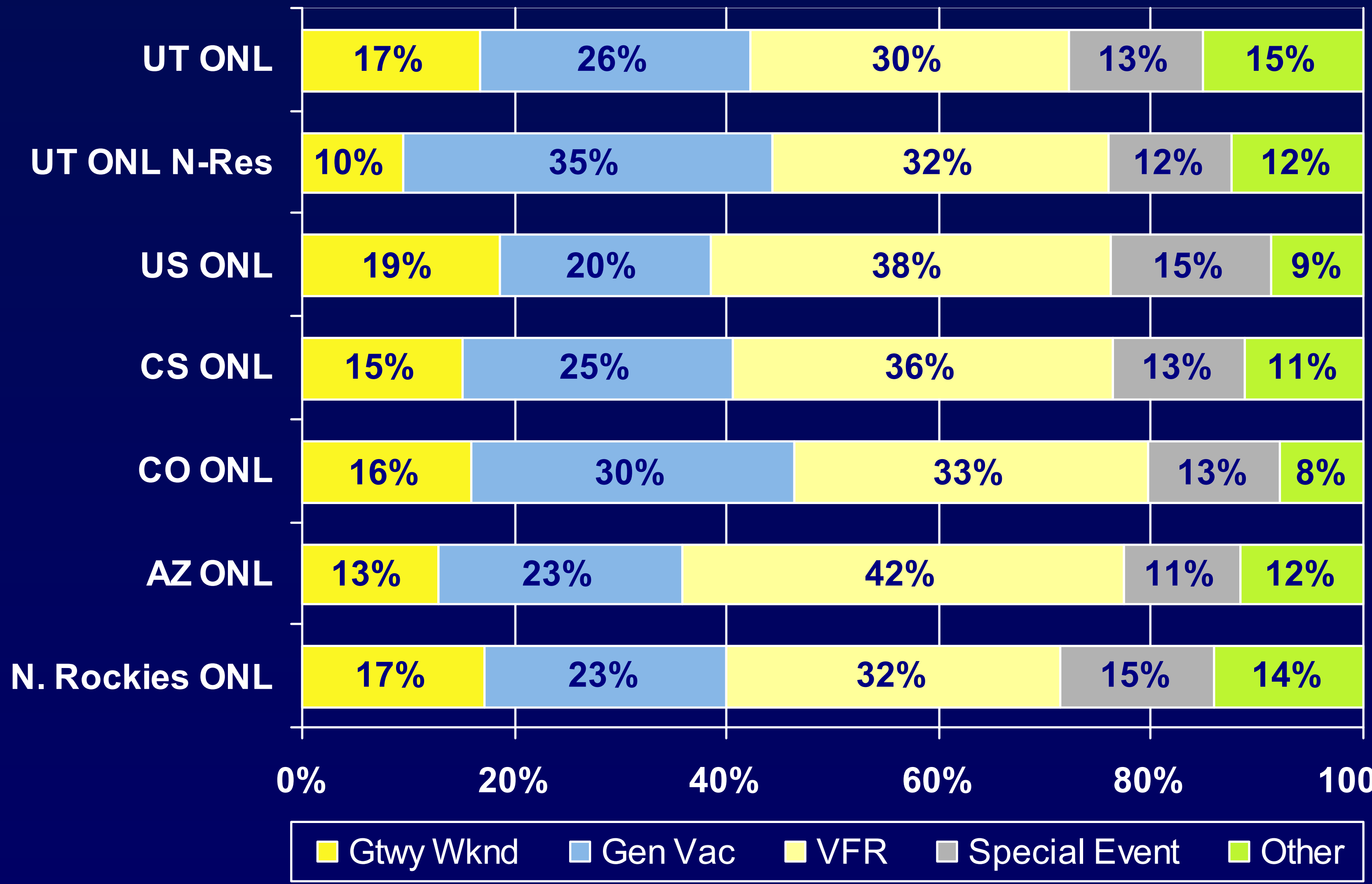
Utah Overnight Leisure Purpose of Stay Distribution

(Person-Trips)



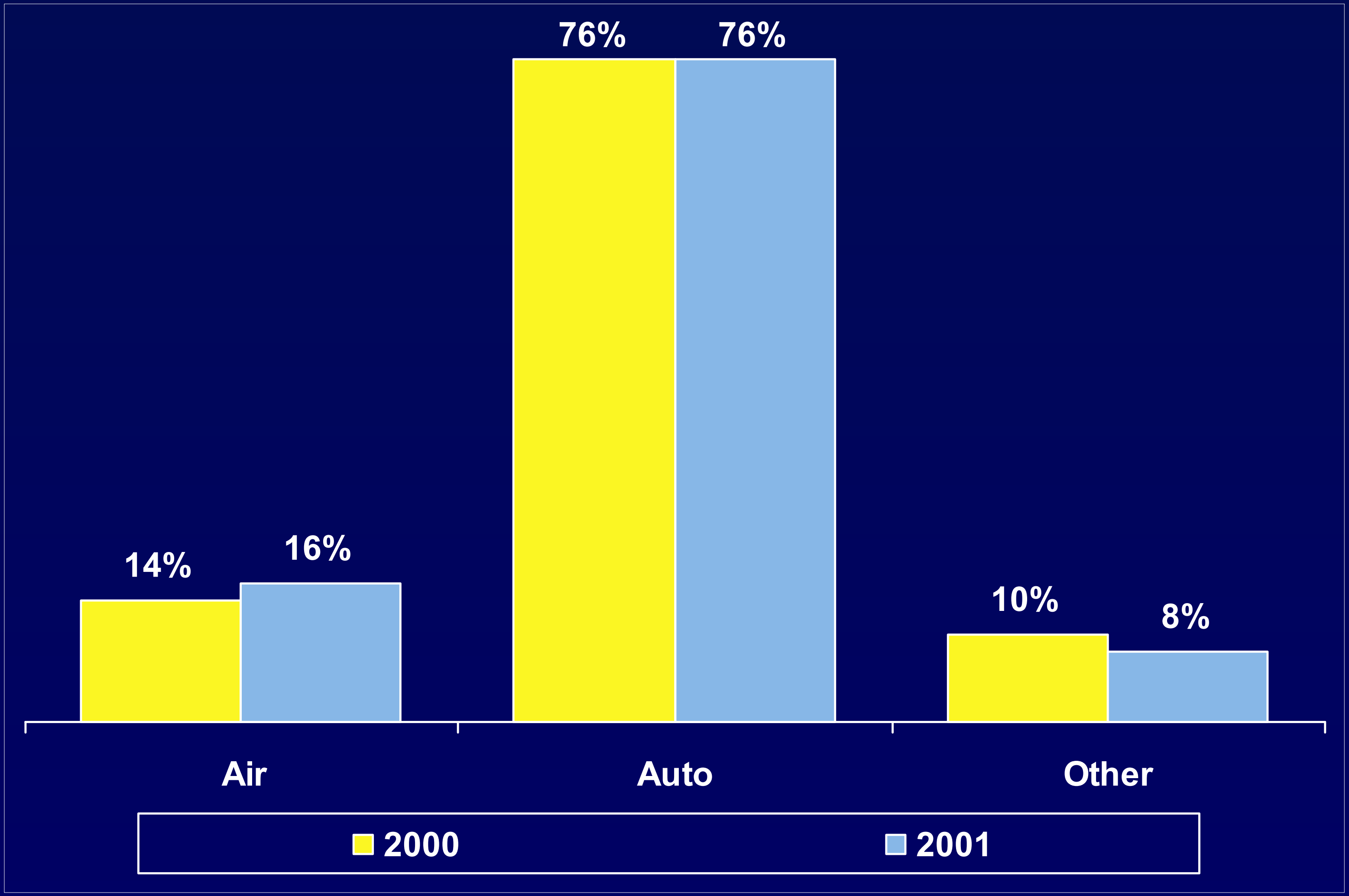
Overnight Leisure
Purpose of Stay Distribution

(Person-Trips)



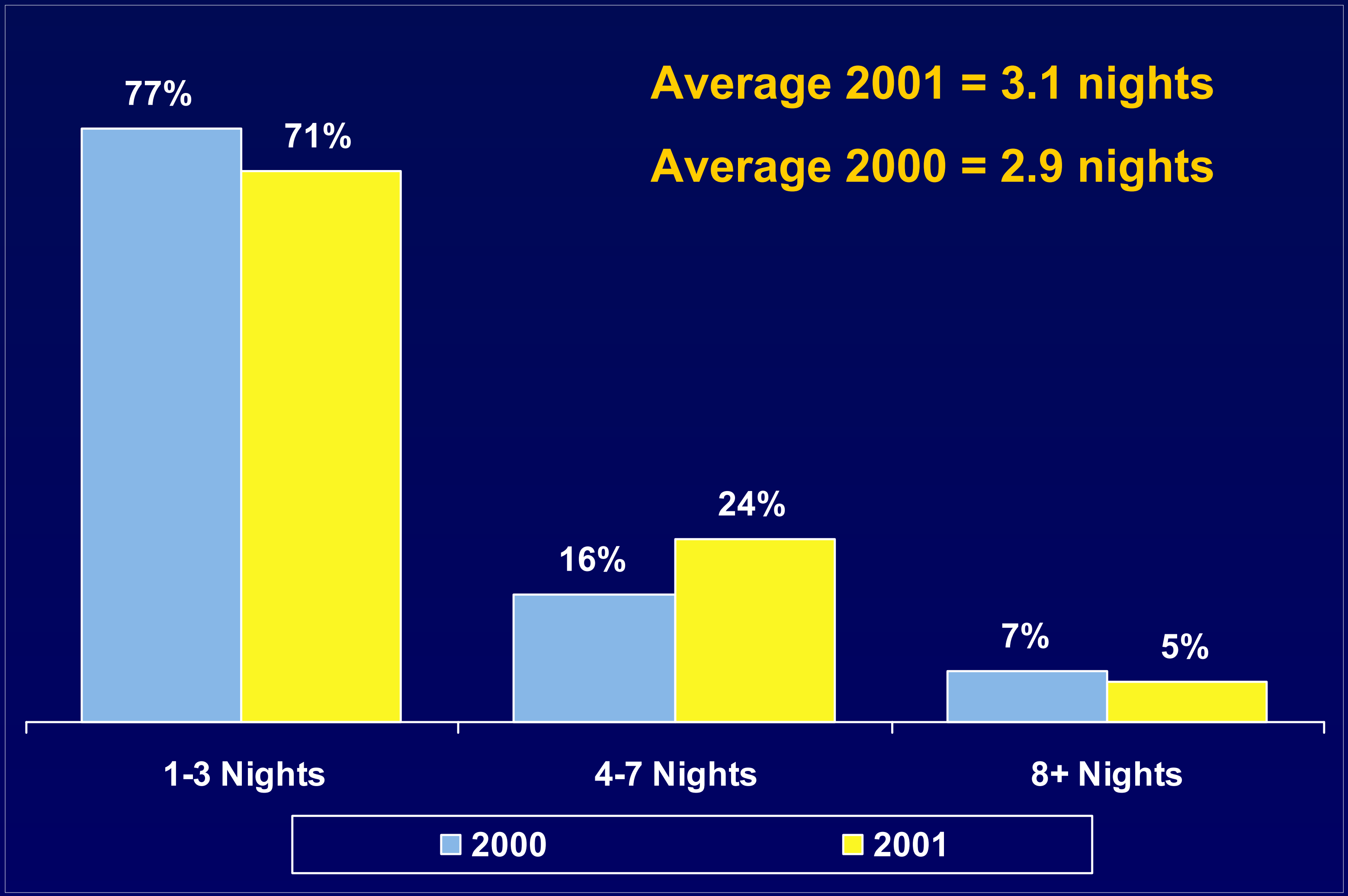
2001 Utah Overnight Leisure Main Mode of Transportation

(Person-Trips)



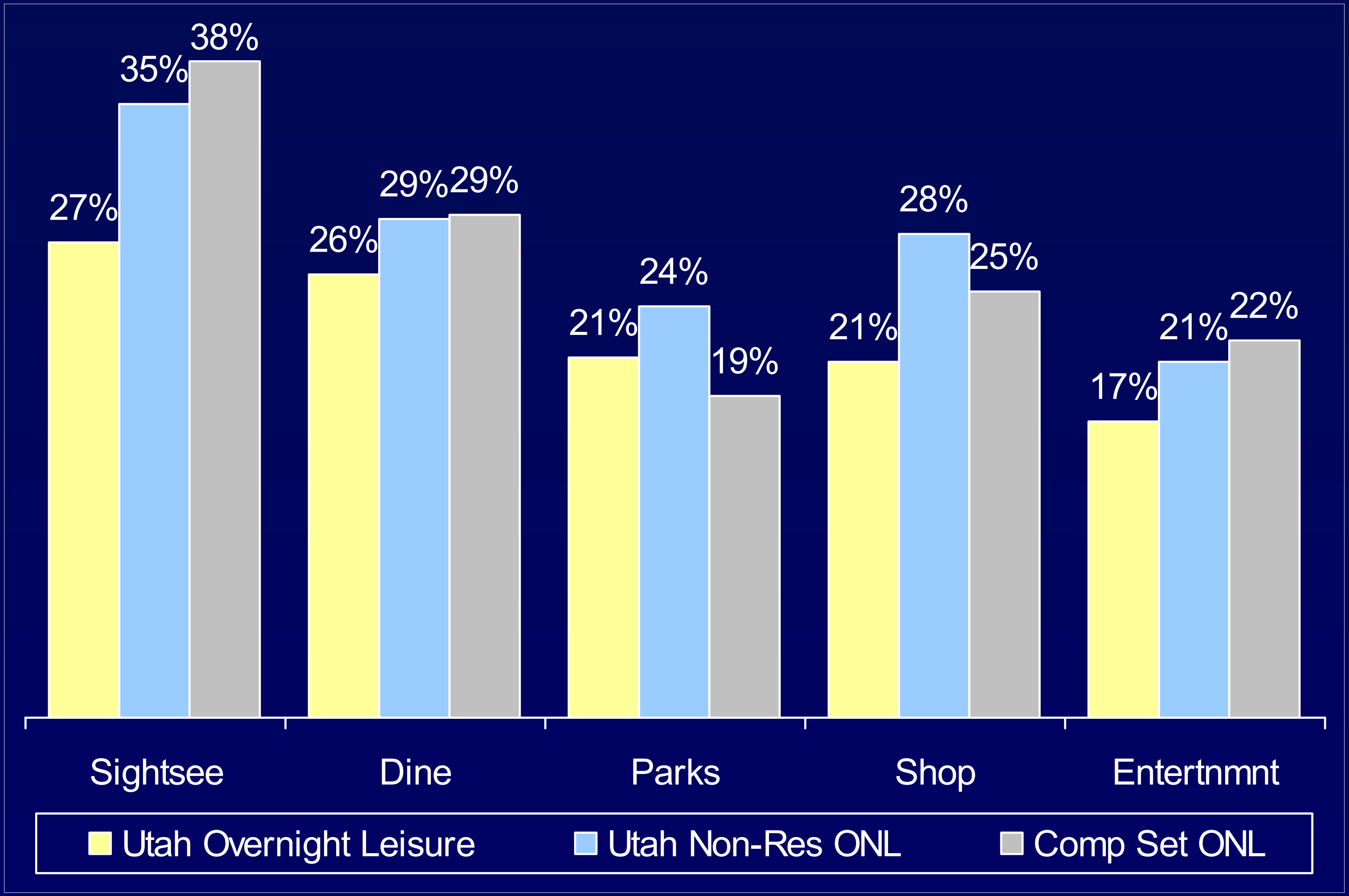
2001 Utah Overnight Leisure Stay Length Distribution

(Person-Trips)



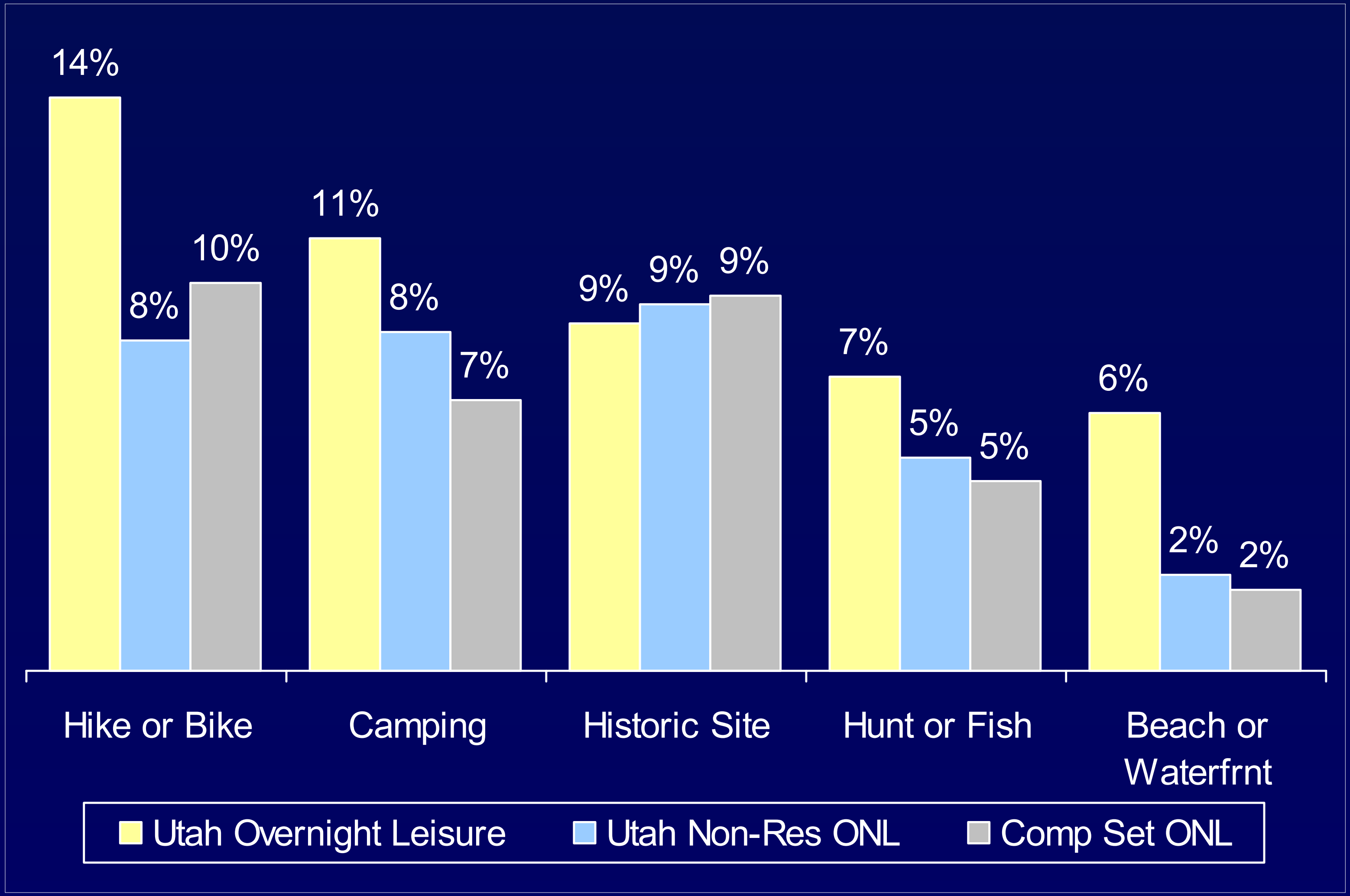
2001 Top Activities

(Person-Trips)



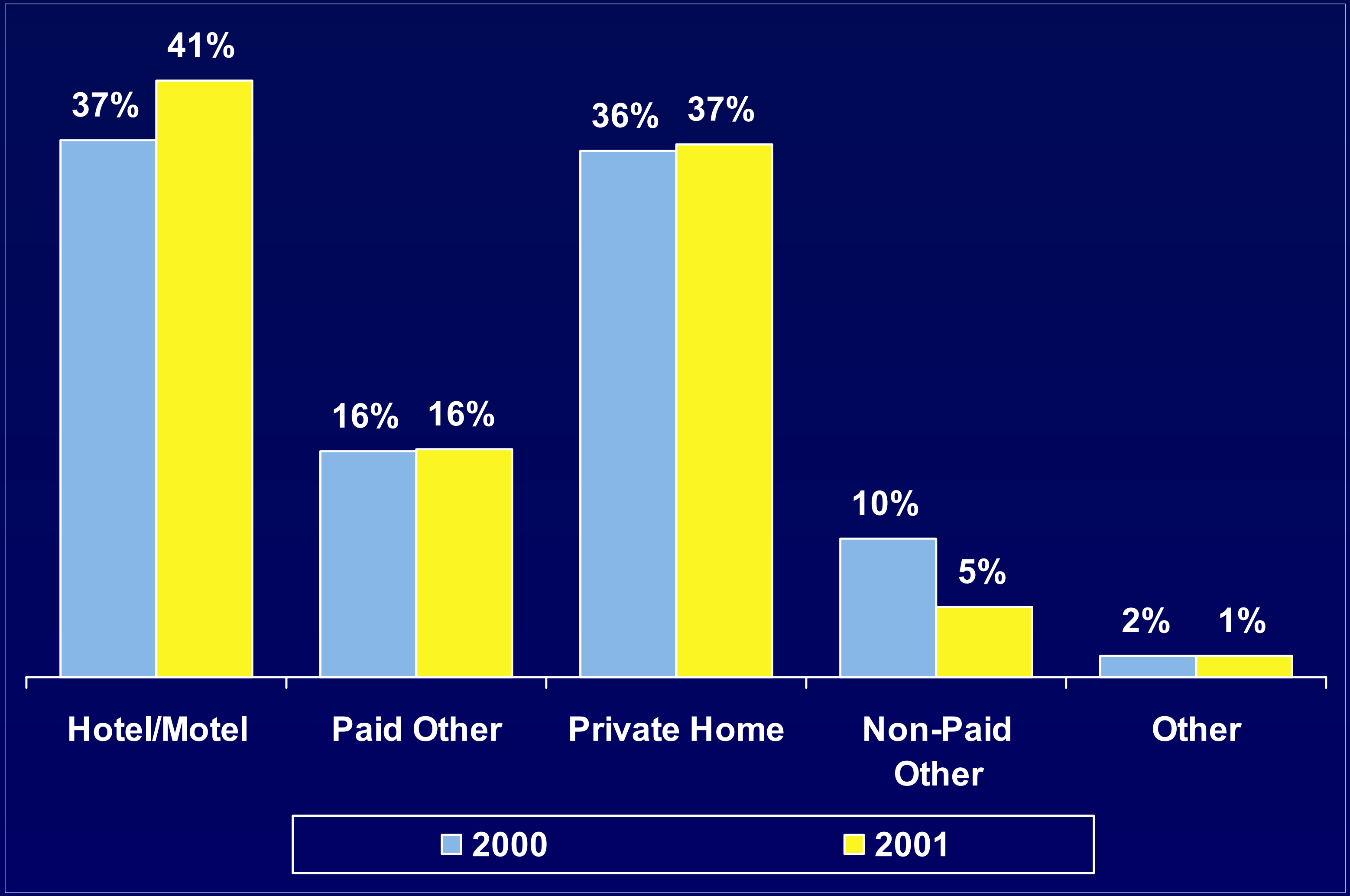
2001 Utah Top Activities (contd.)

(Person-Trips)



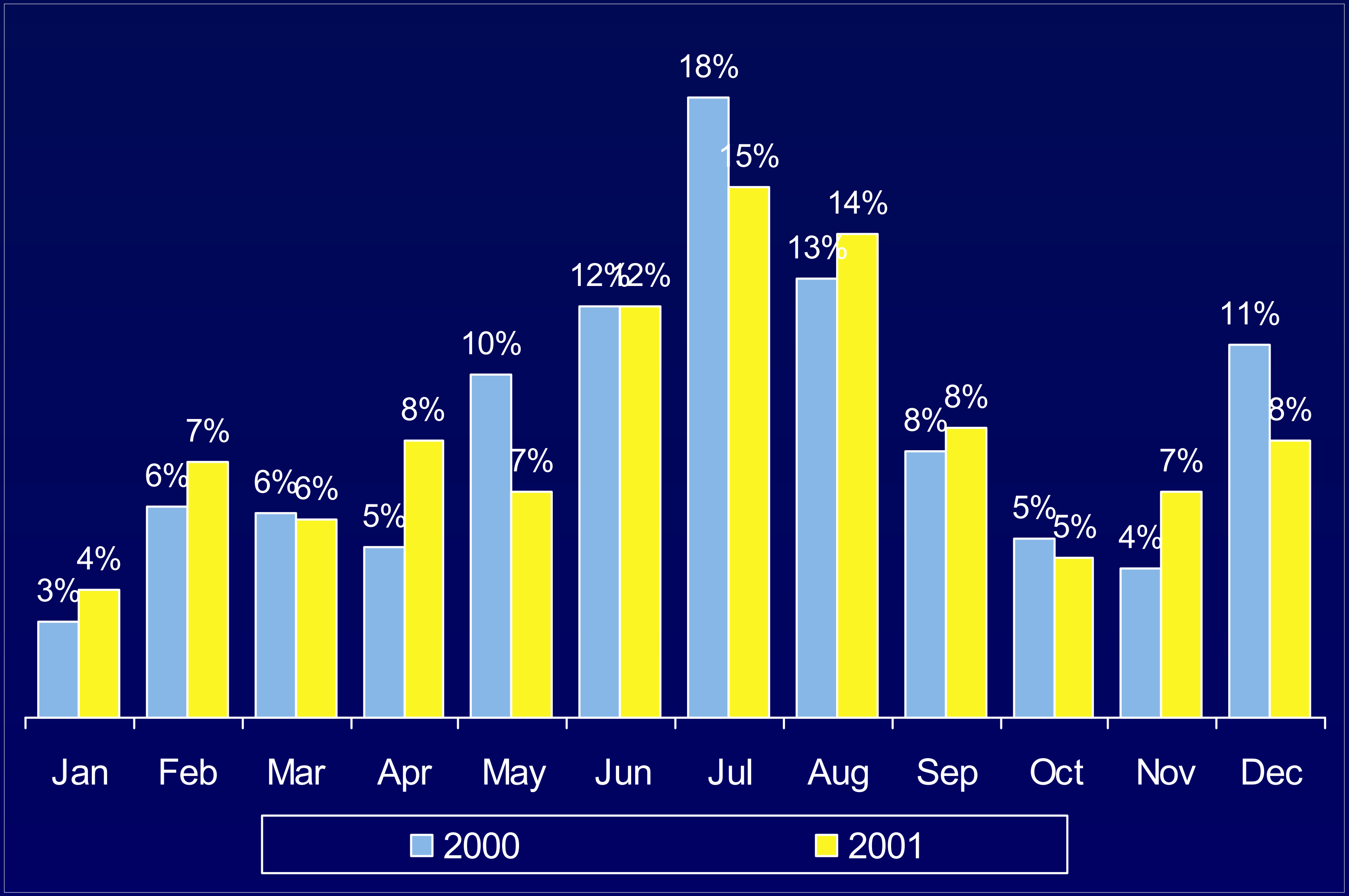
Utah Overnight Leisure Accommodation Choice

(Person-Trips)



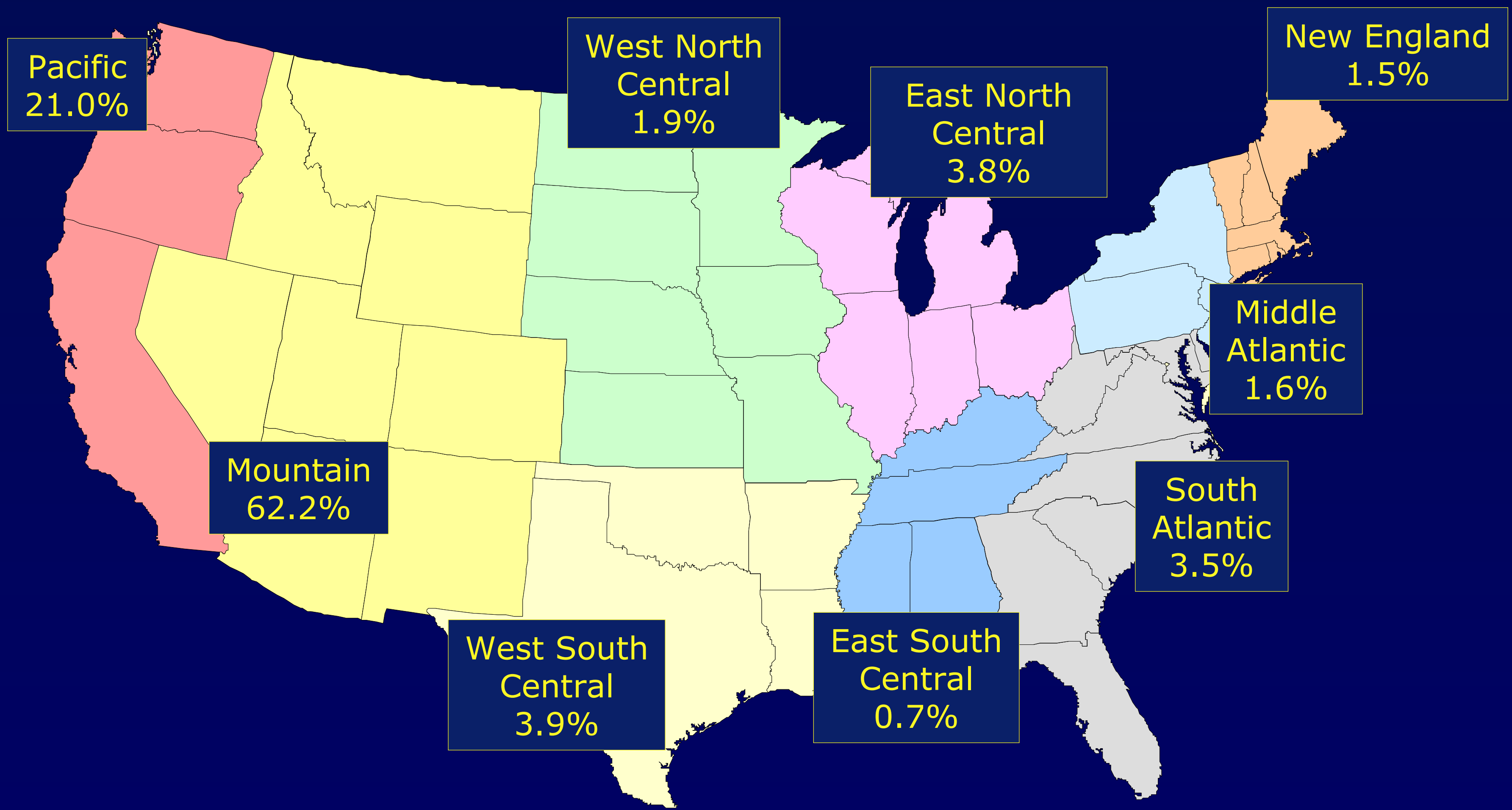
Utah Overnight Leisure Trip Timing

(Person-Trips)



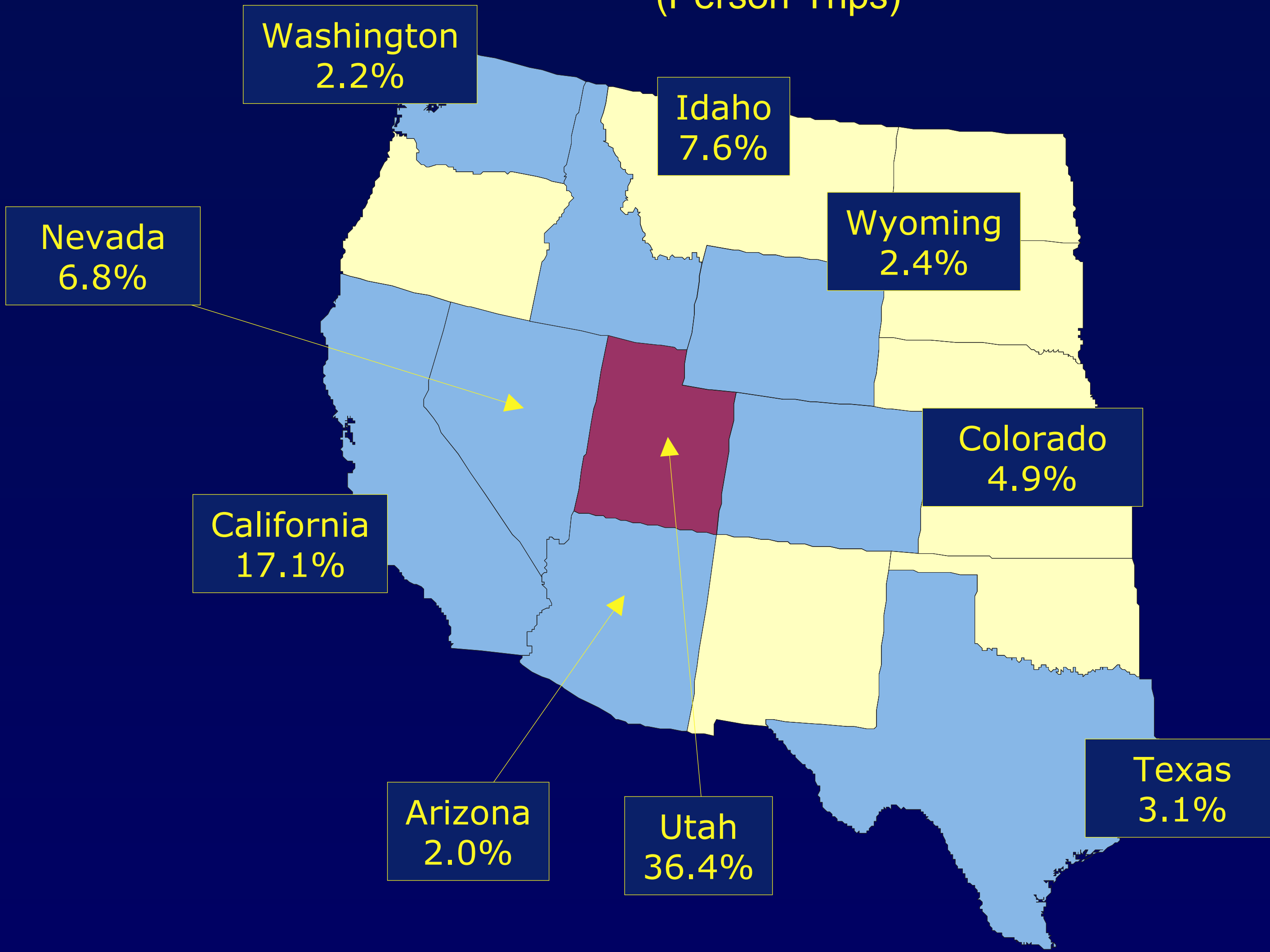
2001 Utah Overnight Leisure Origin Regions

(Person-Trips)



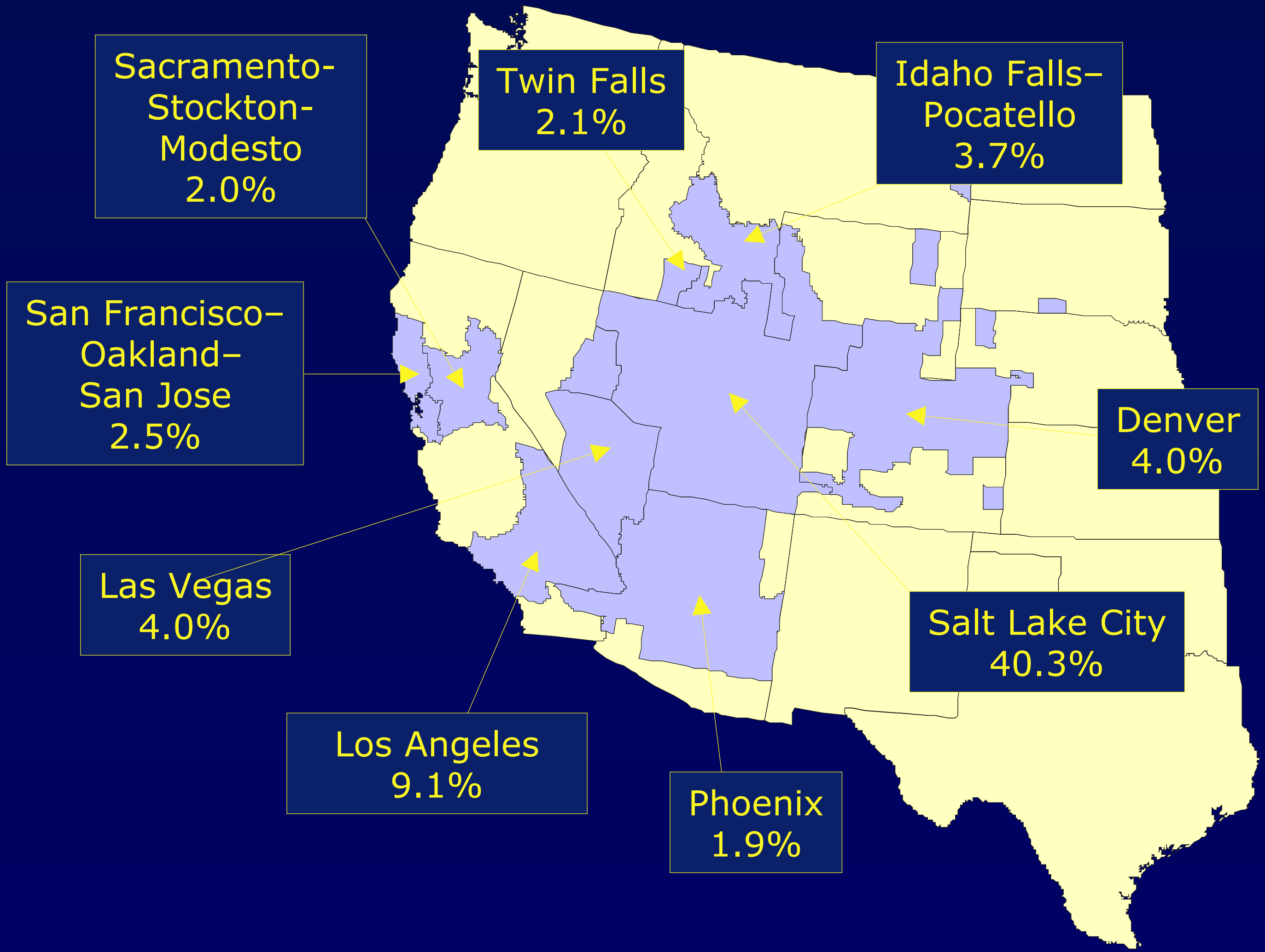
2001 Utah Overnight Leisure Origin States

(Person-Trips)



2001 Utah Overnight Leisure Origin DMAs

(Person-Trips)



Where Else Do They Go?

Origin Market Outbound Analysis

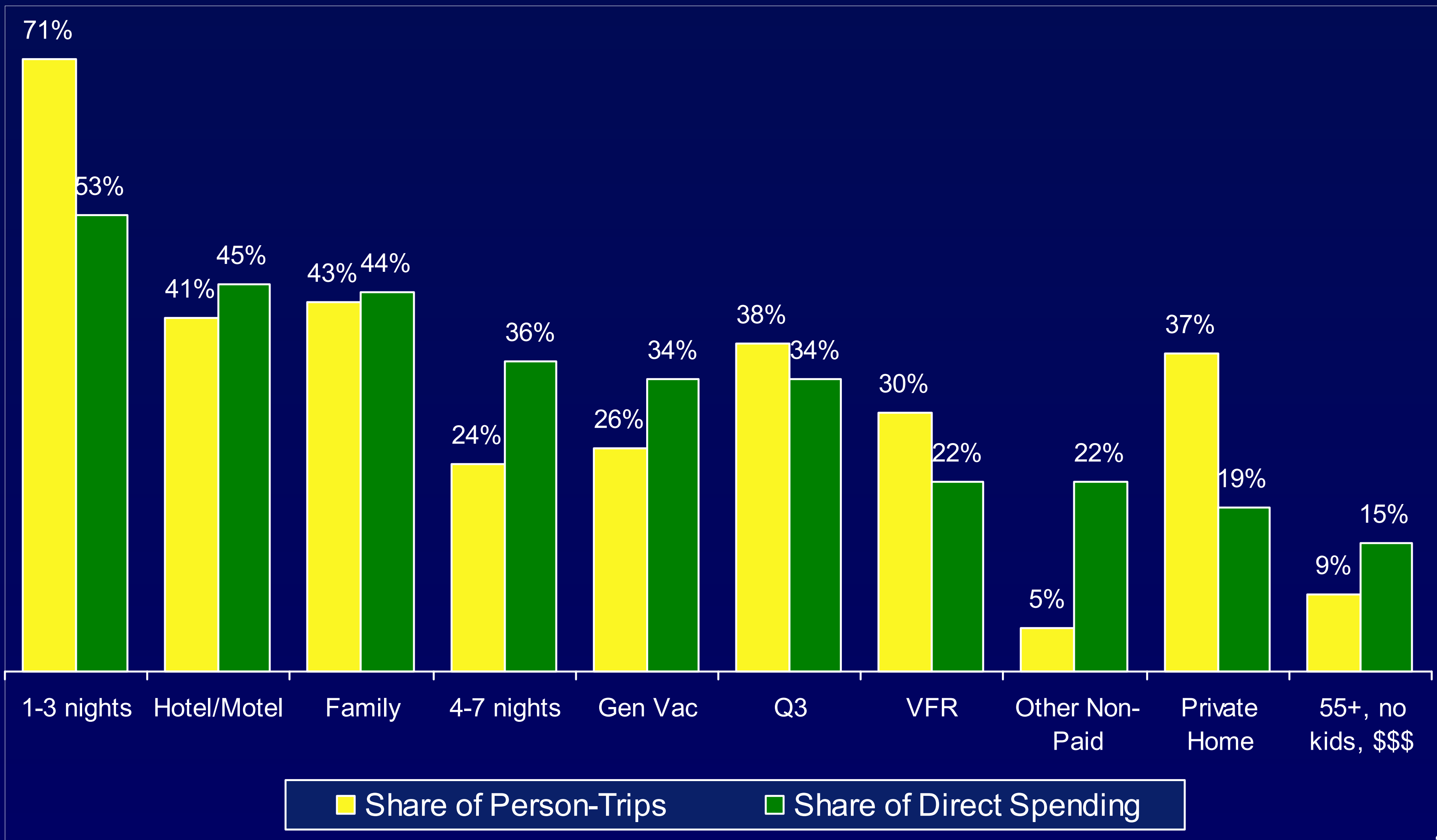
- Salt Lake City: UT (44%); NV (11%); ID (9%); CA (9%); WY (7%)
- Los Angeles: CA (54%); NV (17%); AZ (6%); UT (2%); TX (2%)
- Las Vegas: CA (38%); NV (12%); UT (12%); AZ (12%); CO (2%)
- Denver: CO (34%); CA (7%); NE (5%); WY (5%)…UT (3%)
- Idaho Falls: UT (30%); ID (22%); NV (11%); CA (8%); WY (7%)

Share of Utah / Utah's Share

	Share of Inbound Utah ONL	Utah's Share of Outbound ONL
Salt Lake City	40.3%	44%
Los Angeles	9.1%	2%
Las Vegas	4.0%	12%
Denver	4.0%	3%
Idaho Falls	3.7%	30%
San Francisco	2.5%	1%
Sacramento	2.0%	2%
Phoenix	1.9%	2%
Boise	2.5%	11%
Reno	1.4%	6%
Twin Falls	1.7%	25%

Share of Trips vs. Share of Spending by Travel Segment

2001 Utah Overnight Leisure Travel



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Final Thoughts

- Continuation of national travel recovery is challenged...
- Repeat/new visitation mix and ROI…
- Go RVing!
- Volume…
- Satisfaction and Value ratings…
- Converting those VFR accommodations...
- Origin markets…
- Resonating messages...

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